

# DAILY REPORT

*China*

Vol I No 229

29 November 1982

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GATT SESSION CONTINUES DESPITE DIFFERENCES

OW281910 Beijing XINHUA in English 1611 GMT 28 Nov 82

[Text] Geneva, November 27 (XINHUA) -- The ministerial conference of the General Agreement on Tariffs and Trade (GATT) was adjourned until tomorrow afternoon because of great differences over some main issues, conference chairman Allan MacEachen of Canada announced here today. The meeting had been planned to end today.

At today's meeting, which was mainly one of private consultations, the representatives expressed the hope that the differences would be solved through final efforts. Observers here think that as the gaps are so big the 88-nation trade conference can only reach some face-saving agreements.

The United States wants the European Economic Community to phase out agricultural export subsidies over a two-year period. American trade officials have threatened that if the EEC should refuse to yield on agricultural export subsidies, the United States would have also to subsidize the exports of its own farm products and dump billions of dollars' worth of surplus U.S. dairy products on the world market. But the EEC side still refused to do so today.

The United States and the EEC tentatively agreed to put off their dispute over agricultural subsidies to a ministerial meeting between the two sides in Brussels next month.

On the question of banking, insurance and other non-merchandise transactions, many developed countries remained in opposition to U.S. attempts to extend GATT's free trade rules to these areas. They considered the U.S. proposal as favorable to banks and insurance companies with rich resources in their effort to infiltrate Third World countries and to bring under their control banks and insurance trade in these countries.

On the rules for safeguards, or temporary import curbs, developing countries contended that it is unfair to single out any one exporting nation for applying safeguard controls. But the EEC countries want to continue selecting individual countries as targets for import controls.

On the question of fighting protectionism, the developing countries, together with Australia and the United States, were in favor of including into the final political declaration a sort of commitment to a standstill in future protectionist actions. However, the EEC refused to make any commitment on this question, saying that it is unrealistic to do so.

As matters stand now, the meeting is not likely to agree on a "package deal". An EEC spokesman has made it clear that the EEC will issue a separate declaration in view of its differences with other countries on a number of issues, the issue of agricultural trade in particular.

## PRC Observer Speaks

OW252003 Beijing XINHUA in English 1935 GMT 25 Nov 82

[Text] Geneva, November 25 (XINHUA) -- China is ready to explore the possibilities of further developing relations with the General Agreement on Tariffs and Trade (GATT), a Chinese representative said at the GATT Ministerial Conference here today.

Pu Zhaomin, speaking in his capacity as an observer at the conference, said that China hopes that progress will be made "in improving the existing trading system."

He said that the world economic organization should "play its due role in improving the north-south relations" and "in respecting and giving special attention to the interests of the developing countries."

The Chinese representative said that great changes have taken place in international trade in the past three decades. He referred especially to the emergence of Third World countries. "To adjust to the changed circumstances, establishment of a new international economic order has become an unavoidable task," he said. He noted that the GATT should improve some of its provisions to accommodate to the changes.

The Chinese representative expressed support to the Third World demand that the developed countries refrain from setting new tariff or non-tariff trade barriers and reduce and abandon their protectionist measures.

He said, "The special needs of the developing countries, particularly those of the least developed countries, should be taken care of, and their terms of trade should be improved."

He urged the conference to make contributions to an early solution of these problems which, he said, would help revitalize the world economy to the benefit of both the developing and developed countries.

On China's trade policy, Pu Zhaomin said China will firmly carry out the policy of "opening to the outside world" and make efforts "to expand economic and technological exchanges with foreign countries in accordance with the principle of equality and mutual benefit."

The GATT ministerial meeting opened here yesterday with the participation of 88 signatory states and some countries as observers. The conference is scheduled to last through Nov. 27.

#### RENMIN RIBAO on Meeting

HK241042 Beijing RENMIN RIBAO in Chinese 24 Nov 82 p 7

["Short Commentary": "A Difficult Meeting"]

[Text] The GATT meeting being attended by trade ministers from 88 countries opened today in Geneva. The meeting is being convened at a time when the economic crisis in the Western world continues, trade friction is aggravated and a new trade war might inflict greater economic catastrophe on the whole world. Its success or failure will have a bearing on the prestige of GATT, which aims at removing trade barriers and realizing free international multilateral trade. It is also a severe test as to whether leading trade groups and countries of the Western world can cooperate with one another to overcome economic difficulties.

At present, rising protectionism and the aggravation of a trade war are actually a matter between the EEC, the United States and Japan, whose export volume accounts for more than 50 percent of the total export volume of the world. In order to evade the most serious economic crisis since the war, they have placed restrictions on the products of their opponents exported to their markets while doing their utmost to sell their products in their opponents' markets. While taking various "protectionist" measures, they are shouting the slogan of "resolutely oppose protectionism" to deal with their trade opponents. This is the main reason why people have not placed much hope on the ministerial meeting in Geneva.



Of course the main victims in this trade war are primarily Third World nations which are numerous. The export quantity of their primary products has decreased and prices have dropped drastically. The export of their finished products such as textiles, shoes, shoes, agricultural products, tropical products and so forth to developed countries has also been restricted rigidly. People are not optimistic over a settlement of this problem.

Trade may promote economic development; however, protectionism in the West only obstructs economic growth. It is unfortunate that protectionism always gains ground when an economic crisis is aggravating. This was the case with the economic depression period during the 1930's; there is no exception today. Overcoming the present predicament is a difficult problem facing the meeting.

#### EDITORIAL SEES THIRD WORLD ECONOMY WORSENING

HK231251 Beijing RENMIN RIBAO in Chinese 20 Nov 82 p 6

[Article by Chen Xiaoping [7115 1420 1627]: "Why the Economies of Developing Countries are Worsening"]

[Text] Economic conditions of the developing countries obviously have been worsening over the past few years because the developed countries have done their utmost to shift their crises to the Third World. This situation is becoming more and more serious.

-- Production is stagnant, economic growth rates are falling drastically, urban unemployment rates are hitting alltime highs, and the speed of economic development is generally slowing down. The annual GNP growth rate of all developing countries -- including petroleum exporting countries -- reached an average of 6.1 percent during the 1966-1976 period but decreased for 4 years after 1978 and dropped to 0.6 percent in 1981, being the lowest level in 20 years and lagging far behind the 7 percent annual increase target specified by the United Nations for development during the 1980's. What deserves particular attention is that the Third World countries that export manufactured goods have shown a negative growth for the first time. These countries maintained a relatively high economic growth rate during the 1970's. Their growth rate went from 9.4 percent in 1973 to minus 0.2 percent in 1981. With production down, the urban unemployment rate of the developing countries has escalated to an alltime high of about 30 percent at present.

-- Exports have decreased, prices of raw materials dropped and earnings from exports declined drastically, resulting in huge deficits in international payments. In 1981 the volume of international trade decreased for the first time since 1958 and the exports of mineral products and petroleum from developing countries dropped by 12 percent and 15 percent respectively. At the same time, world prices of raw materials fell by 15 percent in 1981 compared with 1980 and dropped by a further 8 percent in the first half of this year as against the same period of last year, hitting a 35-year low. As a result, the developing countries' international payments deficits increased from \$35.9 billion in 1975 to \$109.7 billion in 1981. It can be calculated in advance that deficits will continue to increase this year. The 13 member states of OPEC will have international payments deficits amounting to \$9.5 billion for the first time in more than 20 years.

-- Being heavily in debt, many countries find it difficult to pay back the principal plus interest and even more difficult to attract an influx of funds. In 1972, the developing countries incurred debts amounting to only \$98 billion. Today, 10 years later, their debts have increased to \$629 billion -- more than 6 times greater than in 1972. The developing countries have gradually lost their ability to repay their huge debts; they can only request resetting a date for paying off their debts.

In 1981, 17 countries rescheduled their debts. In 1981, 26 developing countries have requested rescheduling of their debts. The loss of paying ability makes it more difficult for many developing countries to get new loans. These countries have to cut their expenses and postpone their development plans.

--Inflation is serious and the people's living standards have fallen. Since the 1970's, commodity prices in developing countries have been rising steadily. In many of these countries, prices have soared more desperately than in the developed countries. In developing countries which do not produce petroleum, the annual increase in consumer goods prices was 20 percent in 1978, rising to about 32 percent in 1980 and 1981. In 1981 and 1982, serious inflation caused a decrease in actual per capita income in the developing countries for the first time since 1950. At present, living standards in the developing countries are generally falling and about 800 million people are in absolute poverty.

The worsening of the developing countries' economies is caused chiefly by the old, unequal international economic order and by the developed countries' policies and measures of shifting their economic crises.

The protracted rule and exploitation of colonialism led to the abnormal economic development of many developing countries. The commodity production set up in these countries is still characterized by the export of raw materials. Take the developing countries as a whole. Their income from the export of primary products accounts for three quarters of their foreign exchange earnings. The bulk of manufactured goods and grain they need is imported chiefly from the Western developed countries. At present, the world's commodity market is controlled basically by monopoly organizations of the developed countries, thus putting the developing countries in an extremely unfavorable situation in international trade. The developed countries adopt various means on the one hand to force down the prices of primary products, while on the other hand they continue to raise the prices of their manufactured goods and thus shift their inflation to the developing countries. This results in the daily widening difference between the regular income and expenditure of the developing countries. It is noteworthy that supply exceeding demand in the international oil market is due to the continued economic recession in developed countries in the past few years, the initial results produced by the energy conservation measures and the availability of energy substitutes. The Western countries took the opportunity to dump their stocks of oil to force oil prices down, thereby causing huge economic losses to OPEC member states.

During an economic crisis, the developed countries usually try to solve their economic difficulties at the expense of the developing countries. To defend their industries and stop the increase in unemployment, they adopt protectionist measures of various descriptions such as increased tariffs, import quotas and "voluntary restrictions on exports." These measures hinder the products and manufactured goods -- particularly of the developing countries -- from entering the developed countries' market and add more obstacles to the developing countries' exports. At present more than 100 varieties of the developing countries' fabric and garment products are subject to restrictions other than the tariff barrier. Finding no market, the textile, garment and shoe industries of many developing countries cannot easily be maintained. News about the bankruptcy of companies dealing with these industries is reported from time to time.

To restore an economic balance at home and abroad and to stem inflation, the Western developed countries have also tried to stabilize their economies by reducing the circulation of their currencies, thus causing a rise in the interest rate on the international capital market.

The interest rate on U.S. dollar loans in the European currency market has long remained in double digits (as high as 18 percent in 1981), so that the amount of money paid each year by the developing countries on the principal plus interest accounts for more than 80 percent of the amount of money they borrowed years ago. In 1981 the money paid by the developing countries amounted to \$48 billion, being almost 60 percent more than that paid in 1980. This is an important reason why the developing countries have been getting deeper and deeper into debt.

With the developed countries forcing down the prices of raw materials and pushing protectionism, the developing countries earn much less foreign exchange with which to pay off their debts. When their abilities to pay debts dwindle, they have no alternative but to obtain new loans to pay their debts. However, they cannot get loans from reluctant Western commercial bankers because of their deteriorating ability to pay off their debts. As a result, they are incapable of paying off their debts. The developing countries are now caught in this vicious circle.

To cut their budgets and stem inflation, the United States and other leading industrial countries have reduced their spending on aid to foreign countries. They have also extended the period of payment regarding the multilateral governmental development aid which they promised to give. This is actually a way of cutting their aid to foreign countries. At the same time, they have laid down harsh terms for giving new loans. This has a bad influence on many developing countries, forcing them to reduce their imports further and slow down their economic development. Conditions are still more serious in the most underdeveloped countries which rely mainly on foreign governmental aid to develop their economies and solve their difficulties.

There are internal reasons for the worsening of the economies of the developing countries. For example, in drawing up policies for economic development, they have been overanxious in seeking industrial modernization at the expense of the production of grain crops. As a result, their industry and agriculture are seriously disproportionate. They do not have enough grain for self-sufficiency, and they have to use a huge amount of foreign exchange to import grain every year. Their national economic resources cannot cope with their overambitious and hasty industrial development plans. Their heavy fiscal burdens lead to serious inflation, great deficits in international payments and heavy foreign debts. Apart from this, their annual population growth rate is about 2.5 percent. The great increases in population have swallowed a greater part of the economic fruits of developing countries and caused more difficulties in solving employment problems.

In short, the causes of the worsened economies of the developing countries are numerous and complicated. The most fundamental cause is the old international economic order. At present, the international economic order is still controlled by the developed countries. The developed countries monopolize the international division of industry, the international trade and the international money market. The economic arteries of many developing countries are controlled by the developed countries. Under these circumstances, the developing countries find it difficult to exercise sovereignty effectively over their own resources, trade and finance and to protect their economies by adopting effective countermeasures against the shifting of economic crisis by the developed countries. For this reason, to solve the serious economic difficulties confronting them, the developing countries must exert efforts gradually to change the existing international economic order and establish an equal, just and new order.

JAPAN'S NAKASONE ELECTED PRIME MINISTER

OW260822 Beijing XINHUA in English 0740 GMT 26 Nov 82

[Text] Tokyo, November 26 (XINHUA) -- Yasuhiro Nakasone, 64-year-old president of the Japanese ruling Liberal Democratic Party (LDP), was elected prime minister by the lower house of the Diet this afternoon.

He received 287 of the 497 votes cast, showing his party's majority of 287 seats in the 509-member lower house.

The upper house is to vote later today. Nakasone is guaranteed acceptance by the two houses because of the LDP's big majority in both houses.

Prime Minister Zenko Suzuki and his 20-member cabinet resigned en masse this morning, paving the way for his successor. Suzuki announced his resignation on October 12, after two years in office.

Nakasone is to name his cabinet later today after the upper house vote. Nakasone and his new cabinet will be formally inaugurated by Emperor Hirohito Friday night.

## Discusses National Policy

OW272210 Beijing XINHUA in English 1652 GMT 27 Nov 82

[Text] Tokyo, November 27 (XINHUA) -- Yasuhiro Nakasone, newly elected prime minister, today made his first policy speech at a news conference held in his official residence. Nakasone touched on major questions of both internal and external affairs.

On foreign affairs, he advocated alliance with Western countries which, he said, forms the foundation of Japan's foreign policy. Nakasone said that the Japan-U.S. security system is the axis of the two countries' relations, and that only on the basis of this system can relations with communist countries be developed.

Nakasone said his government will, under the guidance of this policy, promote economic cooperation and friendly relations with China.

However, he said, Japan is waiting to see what Japan policy the Soviet Government under Yuri Andropov will produce. "I deem it dangerous not to cultivate dialogue with the most terrible adversary," he said.

When asked how the new cabinet will deal with the U.S. demand for a strengthened Japanese defense system, Nakasone said efforts will be made as far as public opinion and national budget will allow to meet the U.S. requirement. "Japan and the United States are partners in terms of security and safety," he said.

Talking on domestic affairs, Nakasone said the most urgent task in front of the incumbent cabinet is to carry out administrative reform and financial reconstruction. While promising adherence to "financial reconstruction without tax increase" as set forth by Zenko Suzuki's ex-cabinet, he conceded it is "rather difficult" to attain the aim.

On amendment of the constitution, a question which has aroused fears among its neighbors about Japan's revival of militarism, Nakasone said as a veteran of the "Great East Asian War" he knew very well how wars inflict misery. However, he said "No laws and systems are perfect. Review should be made of the constitution."



When questioned about the government's decision to allocate 1 percent of the country's annual gross national product to defense, Nakasone said he will do his best to respect this decision although defense spending may be affected by annual changes in budget appropriations, the financial situation and the gross national product.

#### Strengths, Weaknesses Assessed

HK270856 Beijing RENMIN RIBAO in Chinese 27 Nov 82 p 6

["Newsletter from Japan" by correspondents Chen Bowei [7115 3124 1792] and Sun Dongmin [1327 2639 3046]: "The Japanese Political Situation Reflected by the Nakasone Cabinet"]

[Text] The Suzuki cabinet, which had held office for 2 years and 4 months, came to an end on 26 November, and Liberal Democratic Party (LDP) President Yasuhiro Nakasone was elected Japan's 29th postwar prime minister -- that is, the 45th prime minister in Japan's history -- at the 97th Diet session. Nakasone completed the organization of his cabinet the same evening, and the formation of the new cabinet was announced.

After being elected LDP president, Nakasone repeatedly stated that he would establish an "all-party cooperative system." Judging by the composition of the new cabinet, he has indeed drawn in figures from all factions of the party. The 21 cabinet members include 6 members of the Tanaka faction, 4 of the Suzuki faction, 3 of the Nakasone faction, 6 members of the non-mainstream Fukuda, Komoto and Nakagawa factions, and 2 who are unaffiliated or neutral. It is not strange that the Tanaka and Suzuki factions should hold such obviously strong positions in the new cabinet. The Nakasone faction is a rather small one in the LDP and Nakasone came to power by relying on the full support of the two big Tanaka and Suzuki factions rather than on his own faction. The Tanaka and Suzuki factions have become the two main props of the Nakasone cabinet. This situation reflects the strength of the Nakasone cabinet and also illustrates its limitations and weaknesses. If, during his office, obstacles arise in the alliance of the Nakasone faction with those of Tanaka and Suzuki, the foundation of Nakasone's political power will be shaken.

The establishment of the Nakasone cabinet shows that the leadership stratum of the ruling LDP has reached the stage of "the new replacing the old." Beginning with the final period of the Sato cabinet 10 years ago, the leaders of 5 factions in the party -- Miki, Tanaka, Ohira, Fukuda and Nakasone -- have all held the office of prime minister, and the last named of these old hands has now formed his cabinet. At the same time, the so-called "new leadership stratum" composed of people such as Abe and Nakagawa has also started to show its hand in the just-completed election for the presidency of the LDP. Eleven of the 21 cabinet members are joining the cabinet for the first time. After his election as president, Nakasone repeatedly stressed the principle of "cooperation between three generations -- those born in the Meiji, Taisho and Showa eras -- probably because he realized that in the replacement of the old by the new, he would need the support of politicians of the older generation yet not neglect the strong desire of the new generation of politicians to share political power.

It is still too early to depict the color of the Nakasone cabinet.

At present there are certain unknown factors regarding the policies it will pursue in domestic and foreign affairs. On the afternoon of 25 November, speaking on his policies and aspirations at his first press conference after being elected party president, he said that he would endeavor for "easy-to-understand government, politics addressed to the people, and the pioneering of a fresh type of politics." He mentioned in particular that 25 November was the 92d anniversary of the convening of the "first Imperial Diet session" in the 23d year of the Meiji era." He declared that he would "inherit the tradition of the 'Imperial Diet'" and carry out "further great development." When asked about the revision of the constitution, Nakasone had high praise for the "historic role and significance" of the present constitution. He said that the present constitution has "the fine principles of freedom, peace, respect for fundamental human rights and international cooperation," which must be "resolutely maintained." On the other hand, however, due to "changes in the times and the people's thinking," "the correct attitude is to take a good look at and review the constitution in the light of our postwar experience and strive to make it a better constitution." On domestic policies, Nakasone said he would pursue the principle laid down by the Suzuki cabinet of "achieving fiscal reconstruction without tax increases," but added that he had "decided to review" the goal of endeavor set by the Suzuki cabinet of ending the deficit-covering bond issues by 1984, on account of difficulties in the present situation. Answering questions on foreign policy, he said that what he "attaches the greatest importance to is the relationship with the United States." On the basis of this relationship, he would proceed to "develop East-West relations, improve North-South relations, attach importance to cooperative relations with ASEAN and with neighboring countries" and "pursue policies of disarmament and of preserving peace."

The formation of the Nakasone cabinet has evoked varying reactions among economic circles, the governing party and public opinion. According to the Japanese press, the chairman of the Economic Groups Federation and the president of the Japanese Commerce and Industry Council hoped that the new cabinet would unite as one, focus its policies on fiscal reconstruction and administrative reforms and "eliminate economic friction with foreign countries" by means of summit diplomacy. Apart from that, they hoped the cabinet would adopt policies to deal with the gloomy economic scene and support medium and small enterprises. Socialist Party leader Hishima said in a statement that he hoped the new premier would pay attention to the question of "curbing militarization." Komeito Party leader Takeiri said he was worried that the new cabinet would "abandon social welfare" under the pretext of fiscal reconstruction. New Liberal Club leader Tagawa said he was watching carefully to see whether the Nakasone regime would "revise the constitution and increase military strength." Japanese public opinion hopes the new prime minister will resolve to develop "a fresh type of politics," establish "political ethics" and form a cabinet that seriously pushes administrative reform and, in foreign affairs, pays attention to harmonizing relations with the United States, Europe and other countries.

Taking a general view of the Japanese political scene, as Japanese public opinion has pointed out, the Nakasone cabinet is facing "a huge heap" of problems. In particular, in the field of fiscal reconstruction and administrative reforms which the Suzuki cabinet was unable to solve, it is impossible for the new cabinet to take a detour. People here are waiting with uneasy, mixed feelings to see where the "Japanese ship of state" with Premier Nakasone at the helm will head.



PRC DENOUNCES VIETNAM 'SCHEME' IN BEIBU GULF

OW281604 Beijing XINHUA in English 1549 GMT 28 Nov 82

["China Exposes Vietnamese Scheme To Encroach Upon Chinese Territory in Beibu Gulf" -- XINHUA headline]

[Text] Beijing, November 28 (XINHUA) -- The Chinese Government today solemnly declared that "the so-called boundary line in the Beibu Gulf as asserted by the Vietnamese Government is illegal and null and void."

The spokesman of the Chinese Foreign Ministry reiterated in a statement issued here today that "Xisha Islands and Nansha Islands are an inalienable part of China's sacred territory."

The statement says: In its "declaration on base line of Vietnam's territorial waters" issued on 12 November 1982, the Vietnamese Government groundlessly declared that the boundary-delimitation convention signed between China and France in 1887 "had defined" the maritime boundary line in the Beibu Gulf, and even described China's Xisha Islands and Nansha Islands as Vietnam's islands, announcing that base lines would be drawn for their territorial sea. This is a willful distortion of the historical Sino-Vietnamese boundary-delimitation convention and a gross violation of China's sovereignty and territorial integrity.

It must be pointed out that the Sino-Vietnamese Boundary-Delimitation Convention signed between China and France in 1887 did not in any way delimit the maritime area in the Beibu Gulf. On 26 December 1973. The Vietnamese Government formally stated to the Chinese Government that "owing to the fact that Vietnam has been in a state of war, the maritime area of the Beibu Gulf has so far not been delimited between the two countries." This clearly indicated that originally, the Vietnamese Government also recognized the fact that China and Vietnam had not delimited the Beibu Gulf.

The statement says: The Vietnamese Government's "declaration on base line of Vietnam's territorial waters" has fully revealed the expansionist designs of the Vietnamese authorities to appropriate a vast sea area of the Beibu Gulf and to encroach upon China's territory. It is also a deliberate new step to further aggravate Sino-Vietnamese relations. The Vietnamese authorities must bear full responsibility for all the serious consequences that may arise therefrom.

FURTHER COVERAGE OF FIFTH SESSION OF FIFTH NPC

## Peng Zhen on Socialist Economy

OW270212 Beijing XINHUA in English 0143 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- Socialist public ownership of the means of production is reaffirmed in the draft revised constitution as the basis of China's socialist economic system, said Peng Zhen, vice-chairman of the Committee for the Revision of the Constitution, in his report to the National People's Congress.

Peng Zhen said that China's economy consists of three sectors -- state, collective and individual. They have their own advantages in different spheres and all of them are indispensable, although they have different status and functions.

He stressed the need to develop diverse economic forms while upholding the leading position of the state sector, so that the whole national economy will flourish.

Ownership by the whole people and collective ownership by the working people are the two forms of socialist public ownership in China, Peng Zhen said. The draft stipulates: "The state economy is the sector of socialist economy owned by the whole people; it is the leading force in the national economy." This is the decisive factor ensuring that the collective economy of the working people advances along the socialist road, that individual economy serves socialism and that the growth of the entire national economy conforms to the overall and long term interests of the working people.

The draft stipulates: "The state protects the lawful rights and interests of the urban and rural economic collectives and encourages, guides and helps the development of the collective economy." The draft also provides for the development in the rural areas of people's communes, agricultural producers' co-operatives, and other forms of co-operative economy such as producers', supply and marketing, credit, and consumers' co-operatives.

Peng Zhen said this is because other forms of economic association for diversified production exist and grow alongside the people's communes in the rural areas. In the cities and towns, where the state economy dominates, the development of co-operative economy is suitable for many kinds of handicrafts, industries, the building trades and transport, as well as commerce and service trades.

On the question of ownership of the land, the draft makes clear-cut stipulations that land in the cities is the property of the state. Land in the villages and suburban areas is the property of collectives except for portions which belong to the state by law. There are provisions of principle regarding private plots of cropland and hilly land that are for the long-term use of rural households but are not their private property.

These provisions are of great significance in ensuring the growth of socialist economic construction in China, and particularly in ensuring the socialist orientation in the growth of the agricultural economy, Peng Zhen said.

The draft affirms that the individual economy of working people in cities and the countryside, within the limits prescribed by law, is a complement to the socialist public economy, Peng Zhen said. It is still necessary for such economy to exist for a considerable period and to grow to a certain extent.

Peng Zhen pointed out that the planned economy is the basic system of the socialist economy and an important hallmark of socialism's superiority over capitalism. While specifying that "the state practises economic planning on the basis of the socialist public ownership," the draft stipulates that "it ensures the proportionate and co-ordinated growth of the national economy through overall balancing by economic planning and the supplementary role of regulation by the market."

He said that in view of the excessive and rigid control over planning and administration, the draft introduces two specific stipulations:

"The state enterprises have decision-making power in operation and management, within the limits prescribed by law, on condition that they submit to unified leadership by the state and fulfil all their obligations under the state plan".

"Collective economic organizations have decision-making power in conducting independent economic activities, on condition that they accept the guidance of the state plan and abide by the relevant laws."

Peng Zhen said that the present restructuring of China's economic system has already brought significant results, and it will be continued in a comprehensive and deep-going way. The relevant provisions of the draft lay down the principles for this work.

"Proceeding along these lines, we can assuredly build and develop a socialist economy with distinctive Chinese features so as to make China a prosperous and powerful country step by step," Peng Zhen said.

#### Peng on Spiritual Civilization

OW270238 Beijing XINHUA in English 0205 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- Increase of articles on socialist spiritual civilization marks an important step forward taken in the revision of the constitution.

Peng Zhen, vice-chairman of the Committee for the Revision of the Constitution, made this statement in his report on the draft revised constitution to the Fifth Session of the Fifth N.P.C.

With regard to the cultural aspects of building socialist spiritual civilization, Peng Zhen said, the draft revised constitution has more articles with richer content on education, culture, science, public health and physical culture than its predecessors.

He said that the expansion of education is not only the foundation for the growth of science and culture as a whole and a condition for raising the people's political consciousness, it is also an indispensable prerequisite for developing material civilization.

The state will allocate adequate resources for educational purposes, Peng Zhen said. It will encourage all social forces, including economic collectives, state enterprises and undertakings, public organizations and individuals who have the approval of the state, to run educational facilities in various forms and with mass support.

Peng Zhen said that modernization of science and technology is a key link in China's modernization. The development of the natural and social sciences, technologies, research in basic and applied sciences, and the popularization of scientific and technological knowledge are of paramount importance for socialist construction.

Public health and physical culture undertakings, literature and art, the press, publishing and other cultural undertakings are also important, he said. Their development cannot rely solely on the resources of the state but requires efforts by all social forces and mass participation in a wide range of activities.

With regard to the ideological aspect of building socialist spiritual civilization, Pen Zhen quoted this stipulation: "The state strengthens the building of socialist spiritual civilization through spreading education in ideals and morality, general education and education in disciplines and the law, and through promoting the formulation and observance of rules of conduct and common pledges by different sections of the people in urban and rural areas."

This means that efforts must be made to imbue more and more citizens with high ideals, moral integrity, general education, and a sense of discipline so that a new standard of social morality is fostered and the nation acquires a revolutionary and vigorous mental outlook, he said.

Peng Zhen said that communist ideology is the heart of socialist spiritual civilization. Only when education in communism among all cadres and the people throughout the country is strengthened will it be possible to keep China's modernization drive in the direction of socialism and to ensure that China's social development keeps heading for the correct goal and retains its ethical motivation.

The draft stipulates that "decadent capitalist ideas, surviving feudal ideas and other decadent ideology shall be combated." This sets the fighting task on the ideological front, Peng Zhen said. "Historical and practical reasons as well as domestic factors and the international environment make this fighting task protracted, and we should in no way relax our efforts," he said.

#### Peng on State Structure

OW270250 Beijing XINHUA in English 0218 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- Peng Zhen, vice-chairman of the Committee for the Revision of the Constitution, has dwelt on a number of new and important provisions about China's state structure, which have been incorporated into the draft of the revised constitution.

Speaking at the Fifth Session of the Fifth National People's Congress here yesterday, Peng Zhen said these provisions have been worked out in accordance with the principle of democratic centralism governing the operations of Chinese state organs. They cover mainly the following points:

- (1) Strengthening the system of people's congresses. Some of the functions and powers which originally belonged to the National People's Congress are now delegated to its Standing Committee. The functions and powers of the Standing Committee have been expanded, and the committee has been strengthened organizationally. Both the National People's Congress and its Standing Committee exercise the legislative power of the state.
- (2) Restoring the posts of chairman and vice-chairman of the state. Practice since the founding of the People's Republic proves that these posts are necessary for a sound state system and are better suited to the customs and wishes of the people of all nationalities of China.
- (3) Establishing the State Central Military Commission to lead the armed forces of the whole country. Its chairman is elected by the National People's Congress and is responsible to it and its Standing Committee.



The People's Liberation Army, created and led by the Chinese Communist Party, has been the national army since the founding of the People's Republic of China. The leadership of the Chinese Communist Party over the armed forces will not change with the establishment of the commission.

(4) The premier exercises overall responsibility for the State Council; executive meetings of the State Council are composed of the premier, the vice-premiers, the state councillors and the secretary-general of the State Council; the premier convenes and presides over executive and plenary meetings of the State Council.

(5) Strengthening the building of the local organs of state power under the unified leadership of the central authorities. The local people's congresses at and above the county level establish their standing committees. The people's congresses of the provinces, municipalities directly under the central government, and autonomous regions and their standing committees have the power to adopt and issue local statutes.

(6) Changing the system of the rural people's commune, which now combines government administration and economic management, and establishing organs of state power at the township level. The people's commune will be solely an organizational form of the rural collective economy. This change will serve to strengthen the organs of state power at the grass-roots level in the rural areas and also to expand the collective economy.

(7) It is stipulated that state leaders, including the chairman and the vice-chairman of the state, the chairman and vice-chairman of the Standing Committee of the National People's Congress and the premier and vice-premier of the State Council, shall not serve more than two consecutive terms. Thus, the de facto system of life-long tenure of leading posts is abolished.

Peng Zhen said these provisions are made for the following purposes: first, to enable the whole people to exercise state power better; second, to enable the state organs to guide and organize the work of socialist construction more effectively; and third, to enable the different state organs to co-operate with one another better on the basis of a proper division of labor.

#### Peng on Nationality Policy

OW270304 Beijing XINHUA in English 0228 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- It is a basic principle followed by the Communist Party of China and the state to work for the equality, unity and common prosperity of all nationalities of China.

Peng Zhen, vice-chairman of the Committee for the Revision of the Constitution, said this in a report to the Fifth Session of the Fifth National People's Congress.

He said China is a unitary multinational country created by all its nationalities jointly. The system of autonomy in regions inhabited by minority nationalities is the correct system which proves suited to China's conditions through the test of practice, he added.

Peng Zhen said that after the founding of the People's Republic, the nationalities of China established a close political, economic and cultural relationship of interdependence and mutual assistance along the common road of socialism.

Regional national autonomy within a unified country not only can ensure the lawful rights and interests of the minority nationalities and speed up the economic and cultural development of the areas they inhabit, but also serve to resist aggression and subversion from outside and guarantee the independence and prosperity of the country as a whole.

The provisions on regional national autonomy in the draft of the revised constitution have restored some important principles contained in the 1954 constitution and, moreover, acquired new content in line with the changes which have taken place in China, Peng Zhen said. It is stipulated that the chairmanship and vice-chairmanships of the standing committee of the people's congress of an autonomous region, zhou or county shall include a citizen or citizens of the nationality, or the nationalities, exercising regional autonomy in the area concerned; that the administrative head of an autonomous region, zhou or county shall be a citizen of the nationality, or one of the nationalities, exercising regional autonomy in the area concerned; that organs of self-government independently administer local economic development as well as education, science, culture, public health and physical culture in those areas; and that in developing natural resources and building enterprises in the national autonomous areas, the state shall give due consideration to the interests of those areas. It is also stipulated that the state shall give financial, material and technical assistance to the minority nationalities to accelerate their economic and cultural development and help the national autonomous areas train large numbers of cadres at different levels and specialized personnel and skilled workers from among the nationality or nationalities in those areas. All these provisions extending the power of autonomy of the national autonomous areas show that the state fully respects and ensures the democratic right of the minority nationalities to manage their internal affairs.

#### Li Xiannian Meets Hubei Group

OW280224 Beijing XINHUA Domestic Service in Chinese 1258 GMT 27 Nov 82

[Text] Beijing, 27 Nov (XINHUA) -- Comrade Li Xiannian met at his home this morning with some deputies of the Hubei provincial delegation now attending the Fifth Session of the Fifth NPC and had cordial conversations with them.

Comrade Li Xiannian said to them: This session is another extremely important meeting after the 12th party congress and every effort should be made to hold it successfully. This session is not only to enact the fundamental law of the state but to discuss the Sixth 5-Year Plan.

He pointed out: It took 2 years to draft and discuss the new constitution, and people throughout the country participated in discussions and made suggestions. Therefore, it reflects the will of the people of all nationalities throughout the country. This draft revised constitution, a summing-up of our country's experiences -- both positive and negative -- in the socialist revolution and construction over the past 30-odd years, conforms to our country's conditions and meets the requirements of the four modernizations. It is a relatively flawless draft constitution.

Li Xiannian said: It is essential that we uphold the four basic principles. Our country must develop democracy and strengthen the legal system. After the constitution is adopted, we still need to make some other laws in accordance with the essential principles of the constitution in order to further strengthen our country's legal system.



All workers, peasants, intellectuals and cadres should do a good job in studying and publicizing the new constitution. Squares and circles cannot be made without a compass and a T-square, and the new constitution is our country's great compass and T-square.

During the meeting, a deputy said: Deputies feel that this session is really important, that they are proud to be able to attend the session to adopt the new constitution and decide on the Sixth 5-Year Plan and that the burden on their shoulders is very heavy. Li Xiannian said that as deputies they should have such a sense of responsibility.

Li Xiannian said: The situation in the country as a whole, especially in the countryside, is very good. It is entirely correct to have instituted the agricultural production responsibility system. There are grounds for the 12th party congress to have set the goal of quadrupling the gross annual value of industrial and agricultural production by the end of this century, and we are confident of achieving it. He stressed: Stability and unity are essential to the modernization drive. All people should unite as one and make concerted efforts to successfully build the country under the leadership of the party Central Committee.

Li Xiannian said: People hope for high speed in construction. However, stress should be placed on the quality and marketability of products and on economic results.

He also mentioned the importance of science and technology in the national economy. He said: It is necessary to rely on science to develop agriculture and it is also necessary to rely on science to make developments in industry and communications and on all other fronts. You should have a clear understanding of this point and make efforts to develop scientific and educational undertakings. In carrying out construction, it is of course also necessary to handle correctly the relationship between consumption and accumulation and to concentrate funds properly on key construction projects. It is necessary to practice diligence and economy, to oppose extravagance and waste and to strike at criminal economic activities.

Deputy Chen Pixian said to Comrade Li Xiannian: "You are a deputy from Hubei. We know you are very much concerned about the work in Hubei, and we have come here today to brief you on the situation in the province this year." Deputies mentioned that Hubei's grain output this year was 38 billion jin and its late-rice output topped its highest record in the past.

Li Xiannian happily said: There are also great prospects for fishery in Hubei. He hoped that in the excellent situation people should bear the nation's overall interests in mind and make more contributions to the state. He asked them to give his best regards to all other deputies from Hubei.

Also present at the meeting were Han Nigfu, Zhang Xiulong, Lin Musen, Zhu Yekui, Liu Huinong, Xia Juhua, Wang Yuzhen, Hu Hengshan, Li Xi and Qiu Fazu, deputies from Hubei.

#### Panel Discussions Begin 27 Nov

OW290111 Beijing XINHUA Domestic Service in Chinese 1536 GMT 27 Nov 82

[Excerpts] Beijing, 27 Nov (XINHUA) -- The 5th Session of the 5th NPC on 27 November began panel discussions on the draft revised constitution. With a high sense of responsibility as the masters of the country, NPC deputies from all localities and fronts in the country earnestly studied and discussed the draft revised constitution and Peng Zhen's report on the drafting of the revised constitution. A lively and warm atmosphere prevailed in the panel discussions. The speakers emphatically pointed out: With the four basic principles as overall guidelines, the draft revised constitution reflects the common will and fundamental interests of all nationalities in the country and is the general statute for running the country and ensuring its stability. After it is adopted, it will certainly play a great role in promoting victorious advances in China's socialist modernization.

# The Draft Revised Constitution Embodies the Party's Consistent Policy Toward Minority Nationalities

NPC Deputy Ulanhu said: The provisions in the draft revised constitution for the question of nationalities are very good and will inspire the socialist enthusiasm of all minority nationalities in production and cultivate their patriotism, thereby safeguarding the unity of nationalities and the unification of the country.

Ulanhu said: Nationalities work is a major question concerning the modernization program and having a vital bearing on the survival or destruction, as well as the development of the country. After summing up the experience in the past more than 3 decades since the founding of the country, the central authorities have attached great importance to nationalities work and have shown kind concern for minority nationalities. The draft revised constitution reflects the central authorities' kind concern and the party's consistent policy toward minority nationalities. The drafting of the constitution is a major event in the economic, political and cultural development in regions inhabited by minority nationalities. After the adoption of the constitution, it will be necessary to conduct extensive education so that the people of all nationalities can understand the great significance of safeguarding national unity and maintaining good relations with other nationalities. Through the enforcement of the constitution, we will achieve great advances in promoting socialist relations among all nationalities, in economic construction in nationality regions and in the entire undertaking of modernization.

## Yang Dezhi on Constitution

OW271620 Beijing XINHUA in English 1555 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- Yang Dezhi, chief of the General Staff of the Chinese People's Liberation Army, said today that the draft revised constitution "conforms to the common will and interests of the Chinese people and also reflects the wishes and demands of the 4.2 million men of our army."

General Yang is head of the P.L.A. delegation to the ongoing National People's Congress session.

The over 400 army deputies broke into groups today to discuss the draft constitution and the report delivered by Peng Zhen yesterday.

The consensus of views at the panel discussions is that the draft marks a new stage in the development of socialist democracy and the socialist legal system in China and that upon adoption it will serve to guarantee the fulfilment of the task of pushing forward socialist modernization as set at the 12th party congress last September.

Yang said: "Now that it has entered a new historical period of socialist modernization, China badly needs a constitution that matches the country's political, economic and cultural life and codifies the country's major principles, policies and systems so as to unify the thinking and action of the entire nation.

"The present draft meets this requirement. It conforms to China's conditions perfectly and is the best we have had since 1949."

Since the constitution is the fundamental law of the country, every citizen must abide by it, Yang said. All members of the P.L.A. must perform the basic rights and obligations of the citizens in an exemplary manner and resolutely carry out the tasks the constitution assigns the armed forces.

Yang Dezhi called for greater efforts to build the P.L.A. into a revolutionized, modern and regular army, raise its combat capability in modern warfare and become a vital force in defending the socialist motherland and building socialist spiritual civilization.

Qin Jiwei, commander of the P.L.A. Beijing units, analyzed the necessity and significance of setting up a Central Military Commission of the state. He said that this is in full accord with the basic tenets of Marxism since Marx, Engels and Lenin all described the army as an important component of the state apparatus.

Previous constitutions lacked explicit stipulations on the status of the army in the state, giving rise to the misunderstanding that the P.L.A. is an army of the Communist Party and not of the state. Establishment of a Central Military Commission of the state will serve to perfect the state system.

Army building is closely linked with national construction, Qin Jiwei pointed out. Inclusion of the military leadership in the state leadership will enable the state to give better overall consideration to army building and offer more effective resistance to foreign aggression.

Dong Qiwu, 84, an ex-army commander and now vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, hailed the forthcoming birth of a new national constitution at the present N.P.C. session.

"This constitution will prove to be a national charter that benefits the people and the country," Dong Qiwu said at a panel discussion among N.P.C. deputies.

Dong had taken part in five discussions on the draft revised constitution as a member of the Legislative Affairs Commission. Comments and suggestions had been solicited from all quarters during the nation-wide discussion, he said.

"It is rare in the world that such extensive democracy has been practised in the revision of a constitution," Dong said.

He predicted that the new constitution will remain stable over a long period because it is born at a time of genuine political stability.

Zhu Xingfa, a company officer from the regiment in which the late communist fighter Lei Feng once served, said that inclusions of provisions for building socialist spiritual civilization is of great significance.

He said communist ideology is the core of socialist spiritual civilization, of which Lei Feng was an exemplar. His spirit embodied the glorious tradition of the People's Liberation Army.

Every P.L.A. fighter should emulate Lei Feng, foster a deep love for the motherland and the people, and for labor, science and socialism, display the communist spirit and be a vanguard in building socialist spiritual civilization, Zhu Xingfa said.

#### Qin Jiwei on Military

OW281431 Beijing XINHUA Domestic Service in Chinese 1142 GMT 28 Nov 82

[Text] Beijing, 28 Nov (XINHUA) -- At the PLA delegation's group discussion on the draft of the revised constitution on 27 November, Qin Jiwei, commander of the Beijing PLA units, talked specifically about the importance of establishing the Central Military Commission for the state.

He said: Establishment of the Central Military Commission for the state completely conforms with the Marxist principle. As early as 1871, Marx already had pointed out: "The primary condition for the dictatorship of the proletariat is an army of the proletariat." Engels also said: "An army is an organized armed group maintained by the state for offensive or defensive purposes." On many occasions Lenin also said that state apparatus is first the regular army.... From here we know the army is an important component in the state apparatus.

He said: Establishment of the Central Military Commission for the state is also absolutely necessary for the state structure. The constitution should make explicit stipulations about the role of the army in the state, otherwise the state structure is not perfect. In the past, China's constitution lacked explicit stipulations in this matter and the people came to misunderstand the army as the army of the party, not the state. The draft of the revised constitution clearly stipulates that the state establishes the Central Military Commission. This not only perfects the state structure but will also improve and strengthen the party's leadership over the army.

Qin Jiwei said establishment of the Central Military Commission for the state is also good for strengthening army buildup and for coping with aggression from without. When the army's leading organs are incorporated into the state leading organs, the state will be able to better consider army building in an all-round way. The draft of the revised constitution contains many explicit stipulations in this respect. It stresses that the state strengthens the work of revolutionizing, modernizing and regularizing the armed forces. The articles on citizens' rights and obligations reaffirm that military service is an honorable obligation of every citizen and that the state safeguards the livelihood of disabled servicemen, takes care of family members of martyrs and gives preferential treatment to army men's families. This fully shows that the state attaches importance to and is concerned about the army. This will greatly help to reinforce army units. Incorporating the army leading organs into the state leading organs will also help to strengthen unified leadership and will better guarantee that our army will swiftly switch to the wartime system of leadership when the state is subjected to aggression from without.

In conclusion, Qin Jiwei said: This stipulation in the draft of the revised constitution is an important policy decision with tremendous immediate significance as well as far-reaching historical significance. We should work harder to shoulder the honorable and historical task entrusted to the army by the state.

Duan Junyi, Ren Zhongyi Comment

OW271748 Beijing XINHUA in English 1730 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- More than 3,000 deputies to the National People's Congress, including some party and government leaders, began panel discussions on the draft revised constitution here today.

Duan Junyi, first secretary of the Beijing Municipal Committee of the Chinese Communist Party, said that the new constitution to be adopted embodies in legal form the historical experiences since the founding of the People's Republic and especially those acquired over the last few years.

It ensures the correct orientation of socialist construction by upholding the four cardinal principles and stressing both material civilization and socialist spiritual civilization, he said.

Ren Zhongyi, first secretary of the Guangdong provincial party committee, stressed the need to stabilize China's constitution and laws.



"Some of our own people and our foreign friends and business partners are still worried about the changeability of our policy, and this is not without reasons," Ren said.

He quoted Deng Xiaoping as saying that, in the past, what leaders said was regarded as "law" because there was no perfect legal system and that the "law" changed when the attention of the leaders turned. This state of affairs has improved considerably, Ren said.

"In order to ensure the stability of policy and increase people's confidence in its stability," Ren said, "it is necessary to put down in legal form our successful experience, practices, policies and theories that reflect the fundamental interests of the people.

"Thus, our political situation will be more stable and the cadres and masses more steadfast in carrying out the party's line, principles and policies."

Han Peixin, acting governor of Jiangsu Province, said that the provisions in the draft revised constitution concerning the state system, the government system, the political system, the economic system and socialist spiritual civilization are in conformity with the present situation in China. The new constitution will ensure long-term political stability in China.

He spoke highly of the provisions concerning the development of a diversified economy and criticized the previous practice of restricting the cooperative and individual sectors of the economy.

The institutionalization of the status and functions of the three sectors of the economy -- state, collective and individual -- in the new constitution conforms to the actual conditions in China, he said.

Han Peixin reported that, of the 33,800 industrial enterprises in Jiangsu Province, 85 percent are collective enterprises and those in the countryside are mainly collective undertakings.

Lu Dadong, governor of the most populous province in Sichuan, praised the draft constitution as "a good basic law that embodies the interests of the people and the policy of the Communist Party."

Liu Guomin, Communist Party Committee secretary of the Vanguard People's Commune in Jiangjin County, Sichuan Province, said the peasants are satisfied that the revised constitution reaffirms the production responsibility system now prevailing in the rural areas.

Professor Zhou Gucheng from Fudan University, who is also vice-chairman of the Standing Committee of the Shanghai Municipal People's Congress, said the draft constitution will guarantee the building of a modern socialist country with a high degree of democracy and civilization.

He said that the consensus in the nationwide discussion that no organization or individual is allowed to stand above the constitution shows that the sense of rule by law has gone deep into the hearts of the people.

Deputies from Taiwan Province highly commended the provision in the draft constitution that special administrative regions may be set up if necessary. Cai Zimin said this gives due consideration to the present conditions in Taiwan while taking into account the aspirations of the people there.

Fang Zhichun from Jiangxi, an old revolutionary base area, was most pleased with the stipulation that all power belongs to the people. This power was won by the Chinese people through protracted struggle under the leadership of the Communist Party, he said. More than 700,000 revolutionaries in Jiangxi gave their lives for this, he added.

"To safeguard and augment our fruit of victory," Fang said, "we must adhere to the four cardinal principles outlined in the draft constitution and make our socialist country prosperous."

Yin Fatang, first secretary of the Communist Party Committee of the Tibet Autonomous Region, cited achievements in the political, economic, cultural and educational fields in Tibet to illustrate how the party's policy for regional autonomy in minority nationality areas is embodied in the draft constitution.

Politically, he said, equality, unity and mutual help among different nationalities in Tibet have replaced oppression, separation and discrimination. The stipulation in the draft constitution that leading members of the local people's congress standing committees and people's governments in national autonomous areas must be people from the local nationalities is already a fact in Tibet. Cadres at the grassroot level are mostly members of the local nationalities.

In Tibet, Yin added, freedom of religious belief is guaranteed, the Tibetan language is respected, and the local people are assured of the freedom to retain or alter their customs and habits.

#### Peng Zhen Joins in Talks

OW27.852 Beijing XINHUA in English 1831 GMT 27 Nov 82

[Text] Beijing, November 27 (XINHUA) -- Beijing deputies to the Fifth Session of the Fifth National People's Congress (N.P.C.) discussed the draft of the revised constitution at panel meetings this afternoon.

Peng Zhen, one of the deputies and vice-chairman of the Committee for the Revision of the Constitution, joined the second group in their discussion. The group is composed mainly of scientists, engineers, doctors and artists. They all spoke highly of the draft revised constitution and held that it will be a fundamental law with unique Chinese characteristics.

The deputies had a lively discussion on how to maintain the stability of the constitution for a long period to come.

Referring to this question, Peng Zhen said 1,000 million Chinese people are interested in the draft revised constitution. This would be the fundamental guarantee for its long-term stability. The draft constitution has been discussed by the people all over the country. This not only has helped to perfect the draft, but has enabled the people to grasp its meaning and spirit. The stability of a constitution depends on its correctness and comprehensiveness; if it is correct and comprehensive, it is powerful. The better the masses of the people understand it and apply it, the surer the guarantee for the stability of the constitution, he said.

Peng Zhen also spoke on questions the deputies raised during the discussion, such as the significance of the revision, the Chinese Communist Party's role in implementing the constitution, democracy and rule by law.



## Deputies on Regional Autonomy

OW281550 Beijing XINHUA in English 1528 GMT 28 Nov 82

[Text] Beijing, November 28 (XINHUA) -- Provisions concerning national regional autonomy in the draft revised constitution represent a new development of the relevant policy in the new historical period.

This is the consensus of views expressed in panel discussions by leader of autonomous regions who are here for the National People's Congress session.

Tomur Dawamat, chairman of the People's Congress Standing Committee of the Xinjiang Uygur Autonomous Region, said that national regional autonomy is a correct policy suited to China's conditions and tested in practice. This policy has enabled the people of all nationalities in Xinjiang to press forward on the road of equality, unity and common prosperity along with the rest of the Chinese people.

He said experience in Xinjiang shows that training national minority cadres and bringing their role into full play is an important aspect of national regional autonomy. The relevant stipulations in the draft revised constitution are more explicit and specific than previous ones.

A case in point, Tomur said, is the stipulation that the people's congress standing committee of an autonomous region, prefecture or county shall include at least one citizen from the local minority nationalities serving as its chairman or vice-chairman.

The administrative head of an autonomous region, prefecture or county shall be a citizen of the nationality, or one of the nationalities, exercising national regional autonomy in the area concerned.

National regional autonomy would be out of the question without national minority cadres holding major leading positions.

He reported that the chairman of the people's congress standing committee, the chairman of the people's government, and the heads of 13 prefectures and 76 counties in Xinjiang are member of minority nationalities. Many minority people hold government posts at various levels.

Tomur, who is a peasant of Uygur nationality, said that it was well nigh impossible for a minority person to become a county magistrate before liberation.

Minority nationalities in Xinjiang boast more than 9,000 college students, 1,200 of them now studying in Beijing or other cities outside the region, he said. The number of scientific and technical personnel of minority nationalities has increased from 460 in 1950 to almost 30,000.

The draft constitution also calls for respecting the cultural heritage of the minority nationalities, helping them develop their culture and using their languages in areas where they live in compact communities, Tomur said.

Xinjiang radio uses five languages -- Uygur, Han, Mongolian, Kazak and Kirgiz. Regional documents are generally written in Uygur and Han, and prefectural and county documents in four or five languages, he said. All this shows that the right of the minority nationalities fully guaranteed.

Ting Mao, chairman of the Standing Committee of the People's Congress of the Inner Mongolian Autonomous Region, said that the draft has clear and specific provisions on the state's commitment to accelerate economic and cultural development in minority areas by way of providing financial aid and training technical personnel.

Due to historical reasons and mistakes arising from the ultra-left line, he said, the economy, culture and education are comparatively poor in minority areas. To change this situation rapidly, the central authorities have given tremendous assistance to this region in funds, materials and personnel.

Since 1979, Ting Mao said, the central government has granted the region one million tons of grain and more than one billion yuan each year. Most of the funds for building the large industrial projects in this region comes from the central government.

Ting Mao said that the rapid development of industry, agriculture and animal husbandry in Inner Mongolia in recent years is inseparable from the support given by the state and other parts of the country. On the other hand, he said, Inner Mongolia has helped the rest of the country by supplying minerals, animal products and certain industrial products.

Ma Qingnian of Hui nationality, who is chairman of the Standing Committee of the People's Congress of the Ningxia Hui Autonomous Region, said that the central government has helped this autonomous region with a population of 3.8 million by extending financial aid totalling 5,600 million yuan since it was established in 1958.

Thanks to the assistance given by the state and other parts of the country, Ningxia has built 1,100 industrial enterprises.

#### Deputies on Religious Freedom

OW281532 Beijing XINHUA in English 1511 GMT 28 Nov 82

[Text] Beijing, November 28 (XINHUA) -- A leading Chinese Buddhist said today the provisions for the freedom of religious belief in China's draft revised constitution "meet the wishes of religious circles in the country."

Zhao Puchu, chairman of the Chinese Buddhist Association and the deputy to the National People's Congress (N.P.C.), said in an interview with XINHUA that the new constitution being considered at the current N.P.C. session conforms to China's reality and sets to rights the confused and mistaken ideas that existed before.

He said the draft has stipulated that citizens of the People's Republic of China enjoy freedom of religious belief, that the state protects legitimate religious activities, that no organs of state, public organizations or individuals shall compel citizens to believe or disbelieve in religion, nor shall they discriminate against citizens who believe, or do not believe, in religion, and that no religious affairs may be dominated by any foreign country. He described these stipulations as "a brilliant summation of China's policies on religion and its work in this field over the past three decades."

The provisions relating to religion in the draft, Zhao Puchu said, represent a return to and a development of the correct policy on religion contained in the 1954 constitution, the first of New China. "They have corrected the 'leftist' errors shown in the 1975 and 1978 constitutions," he added.

He said the Communist Party and the government have always stressed that the freedom of religious belief includes both the freedom to believe and the freedom to disbelieve in religion. Considering that this freedom was violated during the "Cultural Revolution," the present draft clearly stipulates that Chinese citizens enjoy freedom of religious belief and the state protects legitimate religious activities. Thus this freedom is guaranteed by the fundamental law.

Professor Ren Jiyu, director of the Institute of World Religions under the Chinese Academy of Social Sciences, said the provisions concerning religious belief in the draft revised constitution represent an improvement on those of the 1954 constitution by stipulating that no organs of state, public organizations or individuals shall compel citizens to believe or disbelieve in religion, nor shall they discriminate against citizens who believe, or do not believe, in religion.

"I say this because in some of the areas where religious people live in compact community, there were cases in which people who do not believe in religion were despised and discriminated against," Ren Jiyu said. "The draft revised constitution forbids such discrimination."

Professor Ren Jiyu said the draft also stipulates that no one may use religion to carry out activities that disrupt public order, harm the health of citizens or obstruct the educational system of the state.

"This stipulation is very important," the professor added, "considering that in some localities there were people who tried to substitute religious education for primary education, and witchcraft for medical care, both in the name of religious belief. Such malpractice must be stopped with the enforcement of the constitution."

Professor Ren Jiyu noted that some foreign religious forces have attempted to interfere with religious activities in China. "Chinese religious circles are resolutely opposed to such interference, and they support the stipulation in the draft that no religious affairs may be dominated by any foreign country," he said.

#### Guangdong Leaders Comment

HK290257 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 28 Nov 82

[Text] According to XINHUA, people's deputy and Guangdong Provincial CPC Committee First Secretary Ren Zhongyi said at a NPC session panel meeting on 28 November: This year there are two major affairs in the political life of the Chinese people. One is the 12th party congress, which formulated the strategic principle of creating a new situation in all fields of socialist modernization and the new party constitution, and the other is the 5th Session of the 5th NPC. This session will formulate the general program for ruling the country, the new PRC constitution and the Sixth 5-Year Plan.

Ren Zhongyi said: Strengthening the socialist legal system is an important guarantee for achieving the four modernizations. To achieve the four modernizations, correct policy alone is not enough; we must also have a soundly based socialist legal system, and especially a state constitution that reflects the will of the people of the whole country and meets the needs of socialist modernization.

Ren Zhongyi said: It is very important to draw up a good constitution, and it is even more important to adhere to it. The CPC has led the people to formulate the new constitution, and it will also lead the people to uphold and implement this new constitution.

People's deputy and Guangdong provincial delegation leader Li Jianzhen said at an NPC session panel meeting on 27 November: After the new constitution is adopted, it will be an important hallmark in developing socialist democracy and putting the socialist legal system on a sound basis since the founding of the state. The most important issue in the future is to ensure the implementation of the new constitution.

She said: To ensure the implementation of the constitution, we must first carry out systematic and deepgoing propaganda and education work.

Second, we must continue to get a good grasp of legislative work in accordance with the basic principles stipulated by the constitution. Third, we must organizationally set up the organs on a sound basis for supervising the implementation of the constitution to guarantee its implementation. Fourth, the party must educate and supervise the party members in taking the lead in adhering to the constitution and the law.

#### Jilin Leader States Views

SK281238 Changchun Jilin Provincial Service in Mandarin 2200 GMT 27 Nov 82

[Text] According to XINHUA, at the Fifth Session of the Fifth National People's Congress, Qiang Xiaochu, deputy to the National People's Congress and first secretary of the Jilin Provincial CPC Committee, talking to XINHUA reporters, said: The people across Jilin Province are happily expecting the birth of a new constitution. The new constitution that will be approved at the session will be the best since the PRC's founding because it is generally guided by the four basic principles, it inherits and carries forward the correct guidelines and contents of the constitution formulated in 1954 and it is a fundamental and principal law having Chinese characteristics and governing the mission to run the country well and to give the people peace and security. The approval of the new constitution will certainly benefit the work to accelerate the construction of socialist democracy and our country's legal system and to legally assure long-term order and peace for our country.

Qiang Xiaochu stated: A vast number of people have received an in-depth education on democracy and the legal system through their discussions on the revised draft of the constitution. Therefore, the new constitution that will be examined and approved at the session is based on the opinions of the broad masses of the people, is a crystallization of the wisdom of people of various nationalities throughout the country and will certainly win an active observation and support from all the people. We, as well as the people of various nationalities across Jilin Province, are determined to do a good job in studying, publicizing and implementing the new constitution.

Referring to the state's future major task set forth by the revised draft of the constitution in regard to concentrating of building socialist modernization and referring to the Sixty 5-Year Plan that will be approved at the session, Qiang Xiaochu stated: Over the past 2 years, the situation prevailing in industrial and agricultural production throughout Jilin Province has become better and better. Despite having had this year the most serious drought we have suffered since the country's liberation, by giving a free hand to the masses in enacting agricultural production responsibility systems, Jilin Province has brought into full play the peasants enthusiasm in combating the natural disaster to achieve a bumper harvest, with the result that the serious drought was brought under control and a good harvest was achieved. The industrial production this year was also good.

Jilin Province is endowed with abundant natural resources and has a relatively solid industrial foundation and enough technological forces. It is also endowed with 120 million mu of forests, 40 million mu of grassland and lots of mountain slopes suitable for livestock. The province also has a large capacity for developing special local products including ginseng, antler and herb medicines and has great latent power in both industry and agriculture. Only by doing things according to economic law and further implementing the 12th CPC Congress guidelines and the Fifth NPC session's spirit will Jilin Province be able to totally fulfil the task imposed by the Sixth 5-Year Plan. He said that efforts should be made to bring into full play the province's strong points and make due contributions to building socialist modernization in the country.



## Gansu's Feng Jixin Comments

HK290549 Lanzhou Gansu Provincial Service in Mandarin 0420 GMT 29 Nov 82

[Text] According to XINHUA: The provisions on economic system stipulated by the draft of the revised constitution accord with China's national condition. This was stated by Gansu Provincial CPC Committee First Secretary Feng Jixin in a panel discussion meeting at the NPC session.

He said: China's economy is rather backward, and there is also great imbalance in economic, technical, cultural and other development between different areas, departments and enterprises. In actual economic life, there are many things that the state cannot manage which are suited to management by the collective. There are also many things related to people's daily life that are uneconomic for the collective to run, and are better operated by individuals. In view of this, the economy of ownership by the whole people, the economy of ownership by the collectives of laboring people, and the economy of individual laborers each has its superior features within a certain scope, and so all of them must exist.

Feng Jixin said: The economic system practiced in China of having a variety of economic forms coexisting cannot lead to capitalism. This is because state-owned and collective economy have absolute predominance in the national economy, and the proportion accounted for by individual economy is very small and cannot affect in the slightest the overall situation of socialist public ownership of the means of production. At the same time, planned economy is the basic system of China's economy. State-owned, collective and individual economic activities must all be guided and constrained by the state's unified plans. The state also controls various effective economic measures, such as prices, taxes credit, raw material supply and so on. These economic measures can be applied to support and help the development of undertakings beneficial to the national economy and the people's life, and to control economic activities that harm the interests of state and people. Apart from that, we can apply the methods of strengthening party leadership, use the functional role of the regime of the people's democratic dictatorship, and carry out administrative intervention to solve problems in socioeconomic activities.

At present, the problem is that we must deepen understanding of these provisions, clear away leftist influence, further emancipate our minds, broaden our vision, carry out bold innovations, and mobilize the positive factors of all sectors to build and develop a socialist economy with Chinese characteristics and accomplish the vast goal proposed by the 12th party congress.

## Shanxi's Huo Shilian Comments

HK290320 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 28 Nov 82

[Text] The 29 November SHANXI RIBAO prints a speech made by people's deputy and Shanxi Provincial CPC Committee First Secretary Huo Shilian at a panel discussion at the NPC session. Comrade Huo Shilian said: The draft of the revised constitution has set down the law of the land. This is a reliable guarantee for achieving a fundamental turn for the better in the entire social mood.

He said: During the 10 years of internal chaos, the Lin Biao and Jiang Qing counter-revolutionary cliques did away with the party discipline and state law that had been based on Marxism-Leninism. They acted lawlessly and did whatever they liked, ruining the party work style and popular practice.

Huo Shilian said: Our party and state are resolved to correct party work style and the social mood.

It is satisfying that the draft of the revised constitution upholds the dialectical relationship between rights and obligations and stresses that citizens' rights cannot be separated from their obligations. It clearly stipulates that no citizen is allowed special rights that go beyond the constitution and the law. When exercising their rights, citizens are forbidden to harm the interests of the state, society and the collective and the legitimate rights of other citizens. This will be better able to thwart the erroneous trends of extreme democracy and extreme individualism. At the same time, the provisions of the draft of the revised constitution regarding the popularizing of education in ideals, morality, culture, discipline and legal system and advocating love for the motherland, the people, labor, science, and socialist morality will certainly be able to play a role in establishing a new social mood. With these provisions, we have the guiding principles that every citizen should observe [words indistinct].

#### Beijing Television Report

HK270948 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1100 GMT on 26 November carries a 10-minute filmed report on the 26 November opening of the Fifth Session of the Fifth NPC in the Great Hall of the People in Beijing.

The film opens with a long shot of Beijing's thoroughfares. This is followed by several long shots of many buses and limousines in a parking area outside the Great Hall of the People and several hundred deputies to the NPC walking toward or entering an anteroom and many other deputies talking with one another in the room.

The camera then cuts to show a very large national emblem of the PRC which is flanked by 10 red flags on the wall behind the back row seats of the rostrum. After that, the camera zooms in and pans to show all those present on the rostrum and the deputies who are seated in the front rows in the main auditorium of the hall. The first close-up shot is of Ye Jianying (wearing an audiophone), identified by the announcer as "executive chairman of today's session," who is seated at the center of the front row on the rostrum and who is seen holding and looking at a paper. This is followed by a medium shot of Ye Jianying, Peng Zhen, Yang Shangkun and Ulanhu sitting in the front row.

A female attendant is seen standing behind Ye during this medium shot. The film then gives a medium shot of other executive chairmen at the session who are seated on the right-hand side of Ye Jianying. They are: Deng Yingchao, Wei Guoqing, Li Jingquan, Liao Chengzhi, Xu Deheng, Xiao Jingguang, Xi Zhongxun and Bianqen Erdini Qoigy Gyaincain, in this order. Those executive chairmen at today's session who are seated on the left-hand side of Ye Jianying are: Peng Zhen, Yang Shangkun, Ulanhu, Tan Zhenlin, Seypidin, Ngapoi Ngawang-Jigme, Hu Huewen and Shi Liang, in this order. While the film is giving a close-up shot of Ye and several medium shots of the above executive chairmen sitting in the front row, the announcer is heard reading a list of the executive chairmen, in this order: Ye Jianying, Peng Zhen, Deng Yingchao, Yang Shangkun, Wei Guoqing, Ulanhu, Li Jingquan, Tan Zhenlin, Liao Chengzhi, Seypidin, Xu Deheng, Ngapoi Ngawang-Jigme, Xiao Jingguang, Hu Huewen, Xi Zhongxun, Shi Liang and Bianqen Erdini Qoigy Gyaincain. After this, the film gives another close-up shot of Ye, who is seen holding a paper and saying a few words and is also seen and heard saying: "The Fifth Session of the Fifth NPC is now declared open." Immediately after this close-up shot, a military band is seen and heard playing the national anthem.



During the playing of the national anthem, the camera pans to show the executive chairmen standing on the rostrum. While all those present on the rostrum are shown standing, a male attendant is seen standing behind Liao Chengzhi, a female attendant is seen standing behind Deng Yingchao, a female and a male attendant are seen standing behind Ye Jianying, a male attendant is seen standing behind Tan Zhenlin and a female attendant is seen standing behind Shi Liang. After the playing of the national anthem, Ye Jianying is seen and heard holding a paper and mumbling a few words while the announcer says the following in the voice-over: "After that, NPC Standing Committee Vice Chairman Deng Yingchao presided over the implementation of various items on the agenda." Next, while Deng Yingchao is seen seated in the first row and is heard asking Peng Zhen, vice chairman of the Committee for the Revision of the Constitution, to deliver a report on the drafting of the revised constitution, the aforementioned female attendant is no longer seen standing behind Deng Yingchao. Then, the camera pans to show Ye Jianying, Peng Zhen, Yang Shangkun and Ulanhu applauding. At this point, only a female attendant is seen standing behind Ye Jianying. The camera then gives a close-up shot of Peng Zhen reading the report. During Peng's report, Hu Yaobang is seen sitting in the third row of the rostrum. After this, the film gives a medium shot of Zhao Ziyang and Wan Li sitting in the second row and listening to the report, and a close-up shot of Hu Yaobang and Deng Xiaoping (wearing an audiophone and holding a cigarette) sitting in the third row of the rostrum and listening to the report. The camera then pans to show Xu Xiangqian, Nie Rongzhen, Wang Zhen, Li Desheng (in PLA uniform), Yang Dezhi (in PLA uniform), Song Renqiong and Zhang Tingfa (in PLA uniform) sitting in an unidentifiable row of the rostrum and listening to Peng Zhen's report. According to a XINHUA radiophotograph, Xu Xiangqian is sitting next to Deng Xiaoping on the rostrum. This is followed by several shots of lesser PRC officials on the rostrum and deputies in the auditorium who are seen listening to Peng's report.

The film then gives another close-up shot of Peng Zhen reading the report. During this close-up shot, which lasts more than 1 minute, Zhao Ziyang is seen sitting behind Peng Zhen in the second row and Hu Yaobang is seen sitting behind Zhao Ziyang and smoking a cigarette in the third row of the rostrum. While Peng Zhen is seen and heard reading the report, the announcer summarizes the report in the voice-over. While Peng is heard reading the report and the announcer is heard summarizing the report, the camera pans to show some of the many deputies and foreign diplomatic envoys to China and foreign correspondents in the auditorium listening to Peng's report. After this, the camera gives a medium shot showing Peng Zhen reading the report and Yang Shangkun and Ulanhu listening to the report in the first row of the rostrum; Zhao Ziyang, Wan Li, Yao Yilin and Yu Qiuli listening to the report in the second row of the rostrum; and Hu Yaobang listening to the report in the third row of the rostrum. After that, the film gives one more close-up shot of Peng Zhen reading the report, which lasts half a minute. During this close-up shot, Zhao Ziyang is again seen sitting behind Peng Zhen, and Hu Yaobang is again seen sitting behind Zhao Ziyang. At the end of this close-up shot, Peng Zhen stops the reading. The camera then gives a medium shot showing Yang Shangkun and Ulanhu applauding in the first row; Zhao Ziyang, Wan Li and Yao Yilin applauding in the second row; and Hu Yaobang applauding in the third row of the rostrum. This is followed by a long shot of the deputies applauding in the auditorium.

Next, the film gives a close-up shot of Deng Yingchao, who is seen and heard saying: "Now let us come to the second item on the agenda. The meeting of the Presidium has adopted and put forward a draft resolution on the national anthem of the PRC for deliberation by the congress. Copies of the draft resolution and the notes in explanation have already been made and distributed to all deputies. They are now submitted to you for consideration. The meeting of the Presidium has also adopted the Credentials Committee's written report on the general situation of the deputies and the examination of the credentials of the newly elected deputies. Copies of the written report have also already been distributed to all deputies."

After that, the film shows several groups of people in the auditorium who are identified by the announcer as members of the Fifth CPPCC National Committee; members of the State Council; members of the committees under the NPC; "responsible persons" of the Supreme People's Court, the Supreme People's Procuratorate and the organizations directly under the CPC Central Committee and the State Council; "responsible persons" of the general departments, various arms and services and military academies of the PLA; Chinese diplomatic envoys to foreign countries who are now in Beijing; and foreign diplomatic envoys to China and foreign correspondents. The film ends with a long shot of the deputies applauding in the auditorium. While this last shot is shown, the announcer says the following in the voice-over; "Tomorrow, the congress session will hold group discussions."

At about 1145 GMT, the station shows a 20-minute special news feature which is entitled "Comrade Peng Zhen's Report on the Drafting of the Revised Constitution (a Summarized Account)." This news feature begins with a close-up shot of Peng Zhen reading the first part of the report in the main auditorium of the Great Hall of the People. The camera then pans to show a huge national emblem of the PRC which is flanked by 10 red flags on the wall behind the back row seats of the rostrum of the auditorium. It also gives a long shot of PRC officials on the rostrum. After this segment, which lasts half a minute, the news feature shows a female and a male announcer reading excerpts of Peng Zhen's report, in turn.

#### WANG BINGQIAN ARTICLE ON FINANCIAL WORK

HK280215 Beijing RENMIN RIBAO in Chinese 26 Nov 82 p 5

[Article by Wang Bingqian [3769 0014 0051]: "Certain Questions of Financial Work"]

[Text] The 12th CPC National Congress put forth the general goals of our country's economic construction, that is, under the premise of constantly raising our economic results we must strive to quadruple the gross annual value of industrial and agricultural production in the next 20 years so that the people's material life will reach a comparatively well-off level. This magnificent goal is based on facts and can be attained. However, it needs great efforts in all trades and professions. As far as financial work is concerned, we must seriously solve three major problems: 1. On the basis of promoting production development and increasing economic returns, we must make a breakthrough in financial revenues. 2. While concentrating funds to guarantee key projects and continuously improve the people's livelihood, we must maintain a basically steady financial balance, strive to achieve a complete balance, gradually increase financial reserves and accumulate strength for vitalizing the economy in the future. 3. We must reform and improve the basic systems in the state's financial work, taxation and financial work in enterprises, further eliminate the methods of "eating out of the same big pot," try as soon as possible to set up the economic responsibility system linking duties with power and interests and give full play to the initiative of localities, departments, units and workers. If these three problems are properly solved, financial work will change from a passive to an active state and a new situation will be created and consolidated. To achieve this, we must change our ideology, work and style and raise our financial work to a new level.

#### **Shift the Focus of Financial Work To Promoting Production and Increasing Economic Returns**

At present, our country's financial situation is changing for the better. In 1981, we achieved a basic financial balance and in 1982, we will maintain this basic balance. At present, the tendency of a drop in financial revenue has been halted, the fiscal currency issue has basically been controlled and market prices are basically stable.

Viewing the country as a whole, most problems caused by "leftist" mistakes in the past years, during the "decade of turmoil" in particular, have been solved by means of readjustment measures taken by the state. The most difficult period in our economy is over and marked progress has been made in economic readjustment. Under these new circumstances, we must make a great change in financial work. Besides continuing to control and cut spending, we should shift the focus of our work to promoting production and increasing economic returns and strive to increase financial revenue by a relatively big margin through a few years of effort.

Financial departments are integrated departments characterized by extensive connections and sensitive reactions. We must make full use of these characteristics and support and promote production development by means of policies, funds and our work. In the past, financial departments "supported, assisted and promoted" production development, and this was much welcomed by the enterprises. In the past few years, we have seldom mentioned work in this respect, and we have not done enough either. We must earnestly strengthen our work in this respect. From now on, financial departments at all levels must be well-informed about market information, analyze economic trends and acquire overall balance in order to increase the production of goods in short supply and light industrial and textile products that are orientated to the market and sell well, promote reorganization and merging of enterprises, support the development of new products, promote the increase of patterns and varieties and improvement of quality, and expand circulation channels. In this way, new financial sources will be developed and stockpiling and waste in production and circulation will be reduced. Financial departments must not only do a good job in managing revenue and expenditure, they must also study economic problems and problems concerning financial and taxation policies, actively support production development, restrict what should be restricted and give full play to the role of economic levers. The broad masses of financial cadres must also make efforts in this respect in order to change the face of financial work.

In supporting and promoting production, financial departments should stress "intension" -- tapping potentials and increasing economic returns by means of technical transformation. This is the chief way to increase revenue. As Comrade Zhao Ziyang said, major technical progress can help the state raise funds. Therefore, we must make great efforts to give financial support to technical transformation in industry, agriculture, old factories and new factories and enable enterprises to base their production on new and advanced technology and create more social wealth. At present, funds allocated by the state and depreciation funds that can be used for tapping potentials, technical transformation and developing new products are quite considerable, totaling about 30 billion yuan. Besides, on the average, loans granted by several banks in the past years have increased by several billion each year.

The problem at present is that the funds used for technical transformation are relatively too scattered and most of them are used in "extension," with relatively low economic returns. How to appropriately manage and use these funds is a big question involving the issue of whether we will be able to carry out technical transformation in the national economy according to plans, step by step and with focal points in order to build a solid foundation for vigorously developing the economy in the future. According to past experience, there are many disadvantages if these funds are entirely centralized and controlled by the state. However, if they are all given to enterprises, they will be too scattered and not much can be achieved. It seems that a better way is for the state to appropriately centralize a portion of these funds and use them for transforming trades and professions or key projects, and for enterprises to control most of these funds and use them for renewing equipment and technical transformation.

However, another thing must be stipulated by law: without the approval of the state, funds concentrated by the state or retained by enterprises may not be used on extension. Otherwise, no matter how much is added, there will not be enough funds in this respect. Besides, the capital construction front will be further extended, minor projects will squeeze out major ones and key projects will be hit. In order to make better and quicker progress in technical transformation, we must also pay great attention to supporting scientific and technical work and scientific research and let achievements in this respect be used and play their part in production as soon as possible.

Whether the financial situation of an enterprise is good or not has a great influence on economic returns and financial income. Viewing the country as a whole, only a small number of enterprises are doing well in financial management. Financial work in most enterprises is chaotic. Losses and waste are serious and necessary rectification is needed. Within 2 or 3 years, financial departments in various localities must seriously produce good results in rectifying and strengthening financial work in enterprises in connection with the enterprise reorganization that is underway. If we do a good job in this respect, we will have a reliable basis for increasing financial revenue. In rectifying financial work in enterprises, while strengthening economic accounting and basic work and keeping an appropriate number of financial workers, we must earnestly strengthen management of assessment targets and link them with the economic responsibility system within an enterprise. At present we have many assessment targets for production and construction units, but we must stress the assessment of several overall targets. We should mainly grasp firmly three "rates" -- the rate of incoming funds of enterprises, the turnover rate of funds for circulation, and the rate of recovery of investment on fixed assets -- in order to assess and reflect economic results in an overall way. These three rates should be linked with profits retained for enterprises. Penalties or awards should be given accordingly. Requirements for the first two rates already exist and the problem is that they are not fulfilled or seriously assessed. As for the third rate, no one has attached enough importance to it, and clear stipulations should be formulated and seriously implemented. According to calculations, if the first two rates can reach a relatively high historical level, over 10 billion yuan in additional tax will be yielded and about 10 billion yuan in circulation funds will be saved each year. We must see that these overall targets are attained within enterprises. In particular, large enterprises and key enterprises with a decisive affect on the overall situation of the national economy must act like the Shoudu Iron and Steel Company by separating the targets into several groups within the enterprise, integrating them with the entire professional work of the enterprise and the observation of rules and regulations, ensuring that they will be fulfilled by workshops, work teams and individuals and linking them with distribution, in order to truly establish the economic responsibility system.

In the next few years, besides grasping the work of key enterprises and key trades and professions, each prefecture must plan to grasp the work of some key counties and increase production and income there and use the experience of selected units to promote work over the entire area. Of course, production in counties is mainly production that uses local materials, produces marketable products and does not compete with large industrial enterprises for raw materials. This is particularly true in farming and breeding. In order to make a relatively major breakthrough in financial revenue, we must firmly grasp the work of enterprises and also the financial work counties (municipalities). Only in this way can we have a reliable basis.



**Appropriately Concentrate Financial Resources and Do a Better Job in Allocating and Using Funds.**

On the basis of achieving a market increase of economic returns and a relatively major breakthrough in financial revenue, we must appropriately concentrate our financial resources and do a better job in allocating and using funds in order to ensure the needs of the three strategic key points in economic construction and to continue to improve the people's living standards.

In the three strategic key points, funds needed for the development of agriculture mainly depend on accumulation in agriculture itself, but the state should also give necessary assistance. Funds for the construction of energy and communications projects mainly come from state investment and construction in this respect will be our key capital construction for several years to come. Funds for education and science are an investment in brains, and education and science are key links in fulfilling the modernization program. We should pay more attention to them and continue to increase spending on them to a certain extent. Viewing the overall situation, the contradiction between the needs and feasibilities of funds will exist for a long time. Therefore, financial resources of the state should be appropriately concentrated. It is necessary to further study and formulate major policy levers in the relationships between revenue and allocation. The percentage of financial revenue in the national income, for example, should be appropriately increased. Can it gradually be increased from 25.9 percent at present to 28-30 percent? Again, for a period to come, it is better to maintain the income retained by various enterprises at the level after reorganization. In handling the increasing profits each year, we must adhere to the principle of handling over more to the state and keeping less in the enterprises. Again, at present, various financial subsidies exceed 30 percent of the state's total financial expenditure. It is difficult to keep this up for a long period. This problem should be solved step by step in a few years on the basis of development of industrial and agricultural production and increase of economic returns, and in connection with reforms in pricing and the wage system. We should gradually reduce the amount of financial subsidies to about 20 percent of total state financial expenditure. Of course, concentration of funds involves interests in all aspects and is closely linked with policies. We must act according to the principles laid down by the central authorities. We must resolutely change the situation of excessive decentralization of funds, appropriately concentrate a portion of funds and at the same time ensure that various sectors have decisionmaking powers and take their actual needs into account.

Investment in fixed assets and circulating funds are main components of funds. Proper management and use of funds in these two major aspects have an important bearing on attaining the goal of economic development. At present, investment in fixed assets throughout the country totals about 80 billion yuan each year (including funds in addition to those of the budget and loans granted by banks and loans from foreign countries that are used for investment in these aspects), and over 300 billion yuan of circulating funds remain unused this year. Proper management of these funds will greatly increase results in using them. This is the key point in paying attention to using funds. To achieve this, besides controlling scales of construction, properly orientating investment, arranging production according to social needs and attaching importance to the quality of products and their marketability, we can also achieve much by improving the management of funds.

Existing problems in the management of investment in fixed assets are: excessive funds channels, lax management, lack of clearly-defined responsibility, and low economic returns. In order to change this situation, from now on, all funds allocated for capital construction and loans for capital construction must be handled in a unified manner by the construction bank, which must act in strict accordance with the procedures for capital construction.

These funds must be used in accordance with the progress of the construction, and the bank must play its role in supervision. Funds for renewing equipment and transformation of enterprises must be earmarked only for their specified purpose as approved by the state so that they can truly be used for renewing equipment and technical transformation and not for new projects. Funds for technical renovations can be handled by the People's Bank of China and the construction bank, with a rational division of work. Loans should be granted according to plans of technical transformation, the locations fixed for production, and the specified amount for various trades and professions as fixed by the state. The bank should supervise their use.

In the management of circulating funds, joint management by financial departments and banks is not conducive to giving full play to the function of loans and interests as levers. It would be better for the People's Bank of China to handle them alone and grant loans for whole amounts, in order to enhance rational arrangements for production in enterprises, expand circulation channels and speed up the turnover of funds and materials through management of funds.

We must effectively dispose of the large amount of stockpiled steel products and mechanical and electrical products according to the State Council's stipulations. After examination and verification, some of them may be regarded as useless and sent back to the furnaces, some may be used after modification, and others may be allocated by the state. In the future, enterprises must seriously pay attention to relationships between production, supply and marketing and to the management of circulating funds. They must not report losses to the state and to the bank resulting from disposing of stockpiled goods, and at the same time continue to purchase and produce commodities that are not marketable or are stockpiled, thus causing additional losses and waste.

We should continue to popularize the system of payment for use of the two major kinds of funds. Our tentative view is that in the future, the rate of payment for using fixed assets can be designated according to requirements for the turnover period of investment, in order to make enterprises economize in investment and increase the rate of utilization of fixed assets. Even if the way of granting loans for whole amounts is not used for circulating funds, charges should still be paid for the use of funds allocated by the state. Since funds allocated by the state are given to enterprises for circulation over a very long period, the rate of charges of using them should be equivalent to the bank's interest rate for loans, in order to make enterprises strengthen their economic accounts and increase the turnover rate of funds.

Besides doing a good job in the above-mentioned work, we must also make great efforts to increase income and cut expenditure and resolutely oppose extravagance and waste. This is also an important measure in guaranteeing the construction of key projects and maintaining basic financial balance. At present, losses and waste are rather serious in various fields. This is not only a loophole in the economy, which scatters and wastes a lot of funds each year, but also gives rise to a corrosive influence, causing damage to the party's work style and corrupting the cadres. We must strengthen supervision over financial work and resolutely struggle against extravagance and waste. We must formulate laws and regulations for punishing serious losses and waste. In this way our economy will be greatly benefited and we will also win political support from the broad masses of the people.

#### Establish a Stable and Balanced Financial Situation in the Country

To establish a stable and balanced financial situation in the country is a requirement of bringing about a basic improvement in finance and the economy, and also a necessary condition for the fulfillment of the general task in the new period. In order to strive for a basic improvement in the financial position in the coming 5 years, it is necessary first of all to steadily maintain basic financial balance from now on and, on this basis, achieve a complete balance after a period of hard work. Unstable and unbalanced finance not only hampers the progress of economic construction but also undermines political stability and unity.

When serving as minister of finance in 1954, Comrade Deng Xiaoping pointed out that we must establish the national finance on a constant, stable and reliable basis. He said: The policy for building our country must be formulated on the basis of dealing with foreign invasion and unexpected eventualities. As we now have an unstable financial situation in the country, we cannot talk big, and are unable to withstand the severe tests. But we must achieve stable finance in the country. We must spend several years establishing the national finance on a stable base. Therefore, it is necessary for us to strengthen the reserve forces and lay down a good foundation in all fields year by year. With enforcement every year, we will gradually establish a good base. The present financial situation in our country is quite different from that time, and the conditions are much better in all fields. But we are still facing the task of consolidating the balance of revenue and expenditure. We must not only do our utmost to wipe out deficits and achieve balance of revenue and expenditure, but also must gradually increase financial reserves so as to accumulate strength for future economic development.

According to the practical experience since the founding of the PRC, we have two channels for achieving balance of revenue and expenditure. One is, in the circumstance of excessive allotment of funds, to make every effort to cut down expenses and narrow the difference between revenue and expenditure. This method of cutting down expenses is a necessary one, but we have no choice. Therefore, financial balance achieved by this means is unconsolidated. The other one is to proceed from the development of production and the raising of economic returns, and pay attention to the means of making money, accumulating funds and using money to increase income and save expenses. By doing so, we can guarantee the key construction of the country and continue to improve the life of the people. This balance established on the stable base of economic development is consolidated and substantial. In the future, we must swiftly turn to mainly adopting the latter means to achieve balance of revenue and expenditure by creating more money-making channels and in increasing income. Of course, while laying stress on changing the means of achieving balance, we will not abandon strict control and the practice of economizing expenditures. In our future work, we will still adhere to the principle of achieving comprehensive balance and acting according to our own ability. We will adhere to the practice of doing things according to our funds and spending less money to achieve more. We must prevent the practice of carrying out work regardless of plan and budget and the excessive allotment of funds. Instead, we must properly allocate funds, strengthen management, arrange national funds according to an overall plan and use money where it is needed most.

While achieving balance of revenue and expenditure in the budget, we must strengthen the management of the funds not covered by the budget and the credit funds, and achieve a unified balance. At present, various funds not covered by the budget have actually become a second budget of the state, holding up half the sky. According to estimates, such funds reached a total of 62 billion yuan in 1981 and they are still increasing. If we take a laissez-faire attitude toward such a large sum of funds that is outside the plan and budget, it will certainly lead to blind construction and to hampering the readjustment and restructuring of the national economy. The amount of loans granted by banks for capital construction projects and technical renovation is becoming larger and larger; and a greater portion of funds have been spent on capital construction projects. It is, therefore, necessary for us to do our utmost to properly use and manage them. As for the funds not covered by the budget we must, under the premise of leaving policies unchanged and protecting the legal interests of all areas, departments and units, coordinate them with the requirements of the macroeconomy of the state through straightening out and strengthening of the management, and bring their economic returns into full play. In the future, we must rigidly establish a budgeting and final accounting system for funds not covered by the budget, bring them into line with the overall plan of revenue and expenditure and arrange and use them according to an overall plan.



Besides regular expenses, these funds should be used for the technical renovation of the old enterprises and the urgent construction projects of the state. We must also strengthen management in a planned way of the loans released by banks for capital construction and technical transformation, and solve the problem of the channels of investment. Loans must be released in a planned way, and the yearly total amount of loans must be controlled to a certain limit; it must not be increased too sharply. It is necessary to adhere to credit requirements. Loans must not be released to units that have no economic returns or repayment ability. While releasing loans, banks must demand that the enterprises concerned retain a certain amount of funds. Only when enterprises have insufficient funds, can they apply for credit from banks. While making repayments, enterprises must first of all use a part of their own funds to repay, and the remainder can be repaid from the newly-yielded profits resulting from the operation of the investment projects. They must not live off their previous funds. When there are no economic returns in the enterprises that obtain loans from banks, the banks and enterprises concerned must bear all economic responsibilities. Financial departments and banks at all levels must have good cooperation and jointly guarantee the release and repayment of loans.

In addition to achieving overall balance in domestic funds, we must also vigorously and effectively use foreign funds and achieve unified balance. According to our experience in recent years, the keys to carrying out this work well are: 1. We must make a good selection of projects for investment and draw up plans for the utilization of foreign funds; 2. We must make good preparations for the work of the initial stages of all construction projects and strengthen research into feasibilities; 3. We must make good arrangements for the proper allotment of domestic funds. As a result of the implementation of the open-door economic policy to foreign countries and the increasing use of foreign funds in construction in various areas, not only must the Ministry of Finance earnestly carry out the above-mentioned three tasks; the financial departments of all provinces, municipalities and autonomous regions must also grasp this work well in cooperation with the departments concerned. In particular, they must do a good job in such fields as the financial examination of foreign capital, the proper allotment of domestic funds, repayment ability, and the appropriation, application and use of funds. In short, we must, together with the departments concerned, make every effort to carry out the above-mentioned work well and to strive for a benign cycle of appropriate loans, accelerated construction, higher economic returns, repayment on schedule, and a sharp increase in financial income.

#### Three Relationships To Be Handled Well in Carrying Out Financial Reform in the Near Future

Since the 3d Plenary Session of the 11th CPC Central Committee, some reforms have been carried out in financial work, in the financial system and in the tax revenue system. On the whole, the orientation is correct and the results are good. While carrying out financial reforms in the near future, we must stress the proper handling of three relationships to meet the requirements of economic development.

First, we must correctly handle the relationship between the state and enterprises. We must first perfect the system of retaining a certain percentage of profit in enterprises, concentratedly resolve the problem of assessing the target in business operation and implement targets for every workshop, every group and every individual. There are now four targets of assessment, namely, quantity, quality, contract of goods supply, and profit. But in practical implementation, people merely pay attention to the assessment of profit target and neglect that of other targets, thus encouraging the trend of neglecting quality and the practice of making great effort when there is more profit and less effort when there is less profit. It seems that we may, according to the different situation in different trades, add some targets for assessment in order to vigorously strengthen the economic responsibility system in enterprises.



Second, we must speed up the research and implementation of the system of collecting profit tax from state-owned enterprises and submit to the state the greater part of the profits of enterprises as income tax. Due to certain factors such as price and the conditions of production, some enterprises make excessively large profits. Before levying profit tax on them, an extra income readjustment tax or balancing tax should be levied on them. We must appraise and decide on the proportion for the state and that for retention in the enterprises regarding the profits after the levy of income tax, based on the principle of not exceeding the original level of retention and in accordance with the different conditions of different trades. This policy must remain unchanged for several years. It will not only beneficially guarantee a steady increase of financial income for the state but also will help eliminate the present practice of "eating out of a big pot."

Another problem is that we must correctly handle the relationship between the state and the peasants, staff and workers. "First feed the people, second build the country" is the basic principle governing our economic work. In recent years, the party and government have made great efforts to solve the problems left over from history for many years and there has been outstanding improvement in the living standards of the people. This is extremely necessary. In the future, we must, on the basis of developing industrial and agricultural production and raising economic returns, continue to take necessary measures to gradually improve the living standard of the people in the cities and the countryside. In the long run, however, we cannot separate raising the living standard of the people in the cities and countryside from the level of the development of production, and depend on reduction of funds for construction that the state needs most. Otherwise, the basic and long-term interests of the people will be harmed. For example, in the future, peasants must increase their income by relying on the development of production in the fields of agriculture, forestry, animal husbandry, sideline production and fishery, not mainly on the increase of prices for agricultural products or on the reduction of the rate of requisition by purchase and the expansion of the scope of price negotiation. For another example, from now on, staff and workers must increase their average income by relying on the development of industrial production and the raising of economic returns, and the extent of income increase must be lower than that of productivity. All comrades engaged in financial work must master these policies well in our future work.

Still another problem is that we must correctly handle the relationship between central and local finances. The financial system of "division of revenue and expenditure and revenue-sharing" can only be revised slightly in the near future, and a thorough change is not suitable. When there is an overall improvement in the financial and economic situation, a new system with the division of different kinds of tax as its main contents will be introduced on the basis of the reform of tax system, to replace the two-tier finances at central and local level. All the tax income will be divided into central and local income according to the different kinds of tax, and the central and local levels will share the income, to guarantee stable and reliable revenue sources at both levels. In order to meet the requirements of economic development and the reform of the economic system, we must speed up the reform of tax revenue system and further bring into play the role of tax revenue as an economic lever. In order to promote coordination between specialized departments and economic combination, we must levy an all-round tax on increase in value on some trades. We must also study and formulate some new methods of tax revenue in light of the new situation in present economic life.

While promoting reform of the financial system, we must strengthen financial legislation and supervision. It is our intention to first establish and perfect the basic laws and regulations in the fields of budget, tax revenue and finance, and some must be formulated as soon as possible, if conditions are ripe.

# Earnestly Promote the Building of the Contingent of Personnel Engaged in Financial and Tax Revenue Work

In order to fulfill the financial task in the new period, we must deeply and thoroughly study the documents of the 12th CPC Congress, closely integrate with the reality and take various measures to raise the financial work to a new level as soon as possible. There have appeared in our country's economic field many new situations, problems and experiences, and more new situations, problems and experiences will emerge in the future when we carry out readjustment, restructuring, reorganization and upgrading in the national economy. We are, therefore, required to constantly study economic trends, provide economic information, master the changing situation and put forward appropriate new policies and measures. For example, reform of the economic system, the further readjustment of economic structure, the reform of price and salary systems, the upgrading and replacement of industrial products and the technical renovation of the existing industrial enterprises, the vigorous development of science and technology, the more effective use of foreign investment, and the appearance of a buyers' market in the domestic commercial field at present, are all closely linked with the financial allotment of revenue and expenditure and the reform of the financial and tax revenue system. Therefore, we must more systematically study financial and economic theories and the party's financial and economic policies and make strenuous efforts to more deeply and thoroughly research practical problems. The financial cadres, and particularly the leading cadres at the levels of the Ministry of Finance and of the provincial bureaus of finance, must further improve their work style and methods, cater to the broad masses, go deep into reality, strengthen investigations and study, get hold of first-hand information, earnestly sum up experiences, integrate themselves with the wisdom and strength of the broad masses, further raise the level of financial work and regain the initiative. All in all, in the new period, we must study diligently and think incessantly. We must be bold in carrying out reform and practice. We must be skillful in handling money and business management and carry out financial work better.

To create a new situation in financial work, we should conscientiously grasp the building of cadre contingent and make it revolutionized, professional, younger and better educated. This is an important problem facing our present work and a key issue that determines whether we can carry forward our present financial work and forge ahead into the future. At present, there are 400,000 cadres working in the departments of finance and taxation throughout the country. Apart from that, there are 2 million financial and accounting workers in various enterprises. Generally speaking, this contingent is comparatively good. The present existing main problem is: the contingent of our finance, taxation and accounting workers is in a transitional period characterized by the succession of the old by the new. The number of young cadres recruited in recent years accounts for about 50 percent of the total number of our contingent. Generally speaking, these young cadres have not received professional training and have not grasped policy well. In addition, they are not familiar with their work. The elderly cadres also have a problem of restudy in the new situation. In recent years, financial departments at all levels have done a lot in training cadres. They should continue to do so in the future. In order to speed up the training of financial and taxation workers, we should establish training schools for cadres and develop correspondence education and sparetime education through television universities. We should regularize and systematize education for staff members and workers and make it a regular practice. We should do well in running secondary and higher financial and accounting schools to extensively train cadres who have both ability and political integrity. After working for another 3 to 5 years, we should considerably change the situation of the contingent of financial cadres. In the meantime, we should strengthen ideological and political work so that the broad masses of workers and staff members will raise their political awareness, consciously resist corrosion by the decadent bourgeois, observe discipline, be honest in performing their official duties, work hard and carry out their tasks devotedly.

ALL-ARMY CONFERENCE ON LOGISTICS WORK HELD

## Zhang Aiping Addresses Meeting

OW281814 Beijing XINHUA Domestic Service in Chinese 1438 GMT 28 Nov 82

[Text] Beijing, 28 Nov (XINHUA) -- State Councillor and Minister of National Defense Zhang Aiping said: To meet the requirements of modern warfare and bring about a new situation in logistic work, large numbers of commanders and fighters in the logistics departments of the armed forces must exert themselves to study science, culture and professional knowledge so that they will be competent at their jobs in knowledge and ability. This is a very urgent task now facing us.

Zhang Aiping made these remarks at an all-army conference on logistics work today. He said: "Food and fodder have gone before troops and horses" since ancient times. This always applies to the army no matter how developed its equipment is. In a future war the tasks in this regard will be more important and complicated, and going first should be not only food and fodder needed by troops and horses but also fuel needed for weapons and equipment.

Zhang Aiping said: As our national economy develops, the main characteristics of our army's modern weapons and equipment are: automation, high speed, flexibility and complexity resulting from a high degree of mechanization and computerization [dian zi hua 7193 1311 0553]. This sets ever more arduous and complicated tasks in ensuring logistics support. The means of ensuring logistics support should also be modernized in order to be suited to the automation, flexibility, high speed and complexity of warfare.

Zhang Aiping said: Modern warfare calls for modern weapons and equipment as well as persons who can grasp and use such weapons and equipment. This requires logistics personnel to enhance their scientific, cultural, professional and technical knowledge. One must make great efforts to acquire such knowledge. On the one hand, we should rely on academies and schools to train qualified personnel; and on the other hand, it is more important for personnel to be engaged in planned studies on the job in order to raise their scientific and cultural level. Since weapons continue to develop, we must continue to study.

## Yu Qiuli Speaks at Meeting

OW290150 Beijing XINHUA Domestic Service in Chinese 1448 GMT 28 Nov 82

[Text] Beijing, 28 Nov (XINHUA) -- Speaking at today's all-army conference on logistics work, Yu Qiuli, director of the PLA General Political Department, pointed out that while making an all-round and systematic study of the guidelines of the 12th CPC Congress, the whole army must pay particular attention to the section on strengthening army revolutionization and regularization and deepen their study in light of the army units' actual conditions.

Yu Qiuli said, since the conclusion of the 12th CPC Congress, all units of the entire army have regarded conveying and studying the guidelines of the 12th CPC Congress as a task of primary importance. As a result, a vast number of commanders and fighters have enhanced their ideological understanding, changed their work styles and improved their work. At present, it is necessary to seriously analyze the results so far achieved and dig out problems that have not yet been fully resolved, thereby further deepening the campaign of study. Emphasizing political work particularly, Yu Qiuli talked about several problems on studying the guidelines of the 12th CPC Congress.



1. It is necessary to do well in organizational reforms. Organizational reform is a major task in implementing the guidelines of the 12th CPC Congress and building a modern regularized army.
2. It is necessary to be resolute and bold in trying to make the leading groups and the cadre contingent revolutionized, rejuvenated, knowledgeable and professional organs. It is necessary to emancipate our thinking and break rules in order to promote middle-aged and young cadres. At the same time, it is also necessary to adopt all possible means to raise their scientific, cultural and professional levels.
3. It is necessary to do a good job in the army's ethical, ideological and cultural construction. In ideological construction, it is necessary to vigorously strengthen education in communist ideology so that every member of the army is imbued with a high degree of the spirit of self-sacrifice and a revolutionary style of strictly obeying organizational discipline, for these are important guarantees for building a modern regularized army.
4. It is necessary to reform and build up party organizations at all levels and the contingent of party members as well in accordance with the requirements of the new party constitution in order to fundamentally improve the party style as soon as possible.

Yu Qiuli pointed out emphatically that further eliminating "left" ideological influences is important work for deepening the study of the documents of the 12th CPC Congress, and that it is also necessary to resist tendencies of bourgeois liberalism. Only when these problems are fully resolved can we better implement the guidelines of the 12th CPC Congress, truly maintain a high degree of ideological and political harmony with the party Central Committee, further emancipate our thinking and be daring and resolute enough in opening up new vistas for the fulfillment of various army tasks.

#### ARMY LEADERS ATTEND BEIJING PLA FOOD EXHIBIT

OW280144 Beijing XINHUA Domestic Service in Chinese 1655 GMT 24 Nov 82

[Text] Beijing, 24 Nov (XINHUA) -- Yang Shangkun, permanent vice chairman of the Standing Committee of the Central Military Commission; Yang Dezhi, chief of staff of the PLA General Staff Department; and Yu Qiuli, director of the PLA General Political Department; on 23 and 24 November visited the farm and sideline production and pickling exhibition sponsored by the Beijing PLA units. They praised the Beijing PLA units for fine achievements in farm and sideline production and their companies for the good pickles they have prepared. They called on the whole army to popularize the experience of the Beijing PLA units in order to offer improved food services at the company level.

In the past few years the Beijing PLA units have reduced the number of soldiers engaged in farm and sideline production and the acreage of cultivated land. This year they have once again gathered an all-round bumper harvest with unprecedented economic gains. Most companies can now meet 85 percent or more of their meat requirements and have become more than self-sufficient in vegetable supply. All companies have basically achieved self-sufficiency in pickle preparation. This practice has played a positive role in offering more diversified dishes to the fighters and ensuring that vegetables are available during slack seasons and do not rot when there is a surplus. Moreover, it also helps to curb expenses and gives expression to our army's glorious tradition of self-reliance and hard struggle. Praising this practice, the fighters say: Pickles and preserves play an important role in diversifying dishes. They are economical and practical. We love them.

Director Hong Xuezhi and Political Commissar Wang Ping of the PLA General Logistics Department highly appreciated this practice of the Beijing PLA units and invited leading comrades of the Central Military Commission, General Staff Department and General Political Department as well as some of the army deputies attending the Fifth Session of the Fifth NPC to see the exhibition and offer opinions.



On display in the exhibition hall are various kinds of farm and sideline products and over 1,000 kinds of pickles and 100 types of side dishes. When viewing this superb collection of delicacies, Yang Shangkun and the other leading comrades made remarks to one another and also sampled some of the soup, sweet, salty and hot foods. They praised the food, repeatedly saying: Not bad, not bad. They said that this practice is immensely beneficial and must be promoted. All PLA units must do a good job in promoting farm and sideline production and popularize their experience to improve this undertaking in order to benefit livelihood, training and combat readiness.

Deputy Directors Xu Guangyi, Li Yuan and Fan Ziyu of the General Logistics Department and Commander Qin Jiwei and Political Commissar Fu Zhongbi of the Beijing PLA units also viewed the exhibition.

DENG YINGCHAO INSPECTS SHANGHAI SCHOOL FOR BLIND

OW290028 Shanghai City Service in Mandarin 2300 GMT 24 Nov 82

[Text] According to a report by (Hong Jinghao), reporter for the Shanghai television station, Deng Yingchao, member of Political Bureau of the CPC Central Committee and vice chairman of the NPC Standing Committee, accompanied by Chen Guodong, first secretary of the Shanghai Municipal CPC Committee, and others recently inspected the Shanghai municipal blind childrens' school to the warm welcome of schoolteachers and students. This school was a so-called charity school established in 1912 by foreigners. After liberation, the government revamped the school and hired teachers to improve teaching at the school, thereby popularizing junior-middle-school education among blind children. In the past 20 years or more, some 600 students have graduated, found jobs and become educated workers who are handicapped but not useless. Many of them were selected as advanced producers at all levels and some were even appointed responsible persons of factories.

After hearing the briefing, Deng Yingchao said happily to the teachers: "As teachers, you have been working very hard and should feel proud of it. Teaching the blind is much more difficult than teaching the sighted. It takes a lot of patience and tenacity. It is a tough job." Deng Yingchao carefully inquired about the blind students' study, lives and health.

Comrades Deng Yingchao and Chen Guodong also attended a concert performed by the blind students. After the concert Deng Yingchao addressed teachers and students of the school, congratulating the students for being able to live happy lives in a new society and under a new political system. She hoped the students would understand how their happy life was made possible, study communist ideology well and become good children with ideals, moral sense, good education and discipline. Chen Guodong also spoke, encouraging the students to study hard and report to Granny Deng with good results in their study.

PRC MAY RECOVER HONG KONG 'AT ANY TIME'

HK290016 Hong Kong SOUTH CHINA MORNING POST in English 29 Nov 82 pp 1, 30

[Text] Details about Hong Kong's future will be announced in a year, a leading industrialist said yesterday following a meeting in Peking with a senior Chinese official.

But the official, Mr Liao Chengzhi, the director of the State Council's Overseas Chinese Affairs Office, warned that China would regain sovereignty over Hong Kong "at any time" if the local economy continues to deteriorate.

The chairman of the Hong Kong Factory Owners Association, Mr Huang Jian, said Mr Liao told his group that the Chinese authorities are now holding talks with the British Foreign Office on "how to recover sovereignty" and how to maintain Hong Kong's prosperity during this transitional period.

Mr Liao said it is the responsibility of the Hong Kong Government and industrialists to tide the territory over its economic hardship, Mr Huang said.

"Mr Liao said in principle, sovereignty over Hong Kong will revert to China in 1997.

"But if the Hong Kong Government and industrialists do not help the ailing economy and if it continues to deteriorate, China will recover Hong Kong at any time."

Mr Huang said they were told that after China regains sovereignty, land here will be owned by China, but individuals will be allowed to own their flats.

Mr Huang said Mr Liao assured investors that Hong Kong would be allowed to retain its capitalist system and continue to prosper "for ever" after China regained sovereignty over the colony.

Mr Huang said Mr Liao told them that China understands that Hong Kong is suffering economically.

He said China hopes the Hong Kong Government will abolish the high land price policy, which is harming the colony's economy.

Mr Huang said that when he discussed with Mr Liao the previously-stated Chinese view that Hong Kong should be ruled by Hong Kong people, the Chinese official told him that the top post would be held by a Chinese.

"The governor or the mayor of Hong Kong will be a Chinese and not 'a gweilo' because 98 percent of the population is Chinese," Mr Huang said.

However, this official would be appointed, not elected by the people, Mr Huang added.

"He will probably be selected through consultation and compromise with various big societies and organisations."

In addition, Mr Huang said he understood that after Hong Kong's sovereignty returns to China, it would become a special administrative zone under Article 31 of the new draft Chinese constitution now under discussion at the Fifth National People's Congress in Peking.

He said that officials he had met in Canton, Shenzhen, and Shekou had been confident that the article would be adopted by the NPC.

"Hong Kong will become a special administrative zone together with Macao and Taiwan," Mr Huang said.

Apart from visiting Peking, the delegation also had a first-hand look at industry and commerce in Shanghai, Canton and Shenzhen.

Mr Huang said that after his discussions in China, he felt "relieved" about Hong Kong's future and was happy to learn what China proposes for Hong Kong after it regains sovereignty in 1997.

He said he will now increase investment in Hong Kong and believed that other delegation members will do the same.

"We industrialists will definitely invest in Hong Kong," he said.

"All our property and money is here and we have never thought of leaving."

In addition to their meetings with Chinese Government officials, Mr Huang said they had met officials of the Bank of China and had learned that the bank is considering offering low-interest loans to help Hong Kong industrialists weather the economic difficulties.

He said his association will shortly meet officials of the Bank of China in Hong Kong to discuss how they can assist local industry.

He said in their talks with top officials at the Bank of China he had been told that the bank would consider offering 25-year or 30-year mortgages to Hong Kong people seeking loans to buy houses or flats.

He had asked the Bank of China officials why they had not followed the example of the Hong Kong and Shanghai Banking Corporation, which had already announced a scheme for 20-year mortgages.

"The top officials of the Bank of China," had explained to him, he said, "that they had been approached by the Hong Kong and Shanghai bank earlier to co-operate on the long-term loan scheme and the Bank of China agreed to consider the scheme.

"However, while the Bank of China had still been considering the proposal, the Hong Kong and Shanghai bank suddenly announced their offer.

"Therefore, the 13 Bank of China branches in Hong Kong could not make a similar offer at such short notice."

On a lighter note, Mr Huang said that after China regains sovereignty, every aspect of Hong Kong's way of life would be preserved -- even horse racing.

"But the Royal Hong Kong Jockey Club will have to be renamed 'the Hong Kong jockey club' with the word 'royal' deleted," he said.

Summing up their visit, Mr Hwang said there were two important points:

-- Hong Kong can keep its capitalist system and continue to prosper indefinitely.

-- Local industrialists now have a better knowledge of China's policy towards foreign investors and this will help to increase and strengthen the contacts between the two sides.

On Shenzhen he said, China is erecting an internal "border" around the zone at a cost of about RMB 90 million (about HK\$270 million) and the project will be completed in April. After that, he said, the departure and arrival procedures for Hong Kong businessmen into and out of Shenzhen will be simplified.

HSIN WAN PAO ON 'INTERNATIONALIZING' HONG KONG

HK280838 Hong Kong HSIN WAN PAO in Chinese 28 Nov 82 p 1

["New Talk" column: "Forget About Internationalization"]

[Text] Former British Attorney-General Lord Shawcross recently visited Hong Kong as a guest of top British officials here. An English newspaper published an interview with him 3 days ago, headlined "Shawcross Says: Internationalize Hong Kong." One official made a special point of recommending that people read the interview.

At the same time, an English weekly published here carries a report in this week's issue quoting unidentified sources as asking why the Hong Kong issue should not be internationalized. The report says, the United States and Japan both have big stakes in Hong Kong, and Southeast Asian countries such as Malaysia, Thailand and Australia might also be prepared to get involved for various political, commercial and financial reasons: "Some sources suggest Britain should at least arrange a meeting of countries with significant interests in Hong Kong, to establish common ground and do some gentle lobbying in Beijing."

There is nothing strange that these notions of "internationalizing" Hong Kong should have emerged at this moment. Since China made plain its solemn and just stand on recovering sovereignty over Hong Kong, those people who would like to extend the unequal treaties have felt more and more apprehensive at not being on solid ground, and so they are trying to drag some outsiders in order to feel stronger.

The advocates of "internationalization" cite as their pretext Hong Kong's international value as a commercial and financial center; so they say that the issue is not just a matter for talks between China and Britain, but that other countries should be drawn in.

It is true that Hong Kong has established extensive financial and commercial ties throughout the world, and China has paid full attention to this point. The Chinese leaders have repeatedly stated that three things will remain unchanged after China regains sovereignty, that is, "no change in Hong Kong's system, no change in its inhabitants' ways of life, and no change in its status as a free port and financial center." Moreover the legitimate interests of foreigners in Hong Kong will be protected. This means preserving Hong Kong's international business and being willing to cooperate on the basis of equality and mutual benefit with all countries for a long time. However, all this will be within the scope of sovereignty being exercised by China. Sovereignty over Hong Kong absolutely cannot be internationalized at any time, and it cannot become an international zone.

Even though Hong Kong's financial business has developed very fast in recent years, it can still only boast today of being the third financial center in the world, not the second or first. World financial centers naturally all engage in international business, and if their administration should be internationalized on that account, with every country allowed to interfere in their internal affairs at will, should not "internationalization" first be carried out in London and New York, the world's two leading financial centers? Should China, Japan, France, Germany, the United States, the Soviet Union and other countries that have established banks in London hold joint meetings to establish common ground, study how London should be "internationalized," do some lobbying with the British Government, and tell it how to run London so as to accord with international interests?

The day when a gunboat policy could be applied to force the extension of unequal treaties is gone, and never again will a joint eight-nation army commit aggression against China and carve it up. People daydreaming about "internationalization" had better wake up quickly!



China's guidelines regarding Hong Kong are to recover sovereignty, establish a special region, have Hong Kong people ruling Hong Kong, make no changes in the system, and maintain its prosperity. These are fair and reasonable and provide the guarantee for Hong Kong's future. Many Chinese and foreigners, such as Newbigging of the Jardine Group, have expressed full confidence in Hong Kong's future. Those people who have become isolated because of their stubbornness and want to perform the magic trick of turning beans into brave soldiers will only end up outsmarting themselves.

#### HSIN WAN PAO EXAMINES HONG KONG'S FUTURE

HK230229 Hong Kong HSIN WAN PAO in Chinese 22 Nov 82 p 1

["New Talk" column: "The 16 Characters Depicting Hong Kong's Future"]

[Text] The future of Hong Kong can be summarized in 16 Chinese characters, that is, regain sovereignty, set up a special zone, let Hong Kong people rule Hong Kong and maintain prosperity.

This outline depicting the future of Hong Kong was sketched recently by the Chinese leaders on several occasions with personages of various circles in Hong Kong. It is obvious that Hong Kong people are most concerned about their own destiny, and in their visits to Beijing, they have seized every opportunity to ask questions and get appropriate answers. Foreigners have also shown their concern for the future of Hong Kong, but that is concern of another kind.

Regaining the sovereignty of the whole of Hong Kong and formally putting an end to the historical vestiges of foreign people ruling Chinese people in a territory of China not only suits the national condition of China today and but also conforms to the contemporary trends of the world. The final solution of the problems left over by the opium war of a century ago is of course the national aspirations of the Chinese compatriots and the people of Britain will also greet it with pleasure.

Regaining its own sovereignty is the sacred right of China and there is no room for compromise. At present, the consultation held between Britain and China in Beijing involves maintaining the stability and prosperity of Hong Kong and not its sovereignty. China's management scheme for the future of Hong Kong is in the range of exercising sovereignty. Hong Kong puts forward questions, Beijing provides answers and both hold cordial consultations. This is fair and reasonable. Some people say that Beijing should not mention sovereignty and administration in the Sino-British talks. As a matter of fact, this has nothing to do with the substance of the talks and is not influential.

After sovereignty reverts to China, Hong Kong will become a special administrative zone. This special zone is somewhat different from the Shenzhen Economic Zone. Shenzhen is a special zone that practices special economic policies under a socialist system, whereas the future of a Hong Kong special zone will be special both in administration and social system, which is different from that carried out in China. There is an old saying in the West: "The exception proves the rule" and it further says: "No exception constitutes a rule." According to the draft of the new constitution, China adheres to socialist system and is led by the communist party. This is the case to the whole country with the Hong Kong special zone as an exception that will practice a capitalist system, and the person who rules Hong Kong need not be a communist party member.

The Chinese leaders have confidence in the future of Hong Kong and at the same time place their confidence in the people of Hong Kong. The people of Hong Kong must get rid of weak and incompetent ideas and have confidence in administering Hong Kong well under the special system. They must not only maintain prosperity but improve it and transform the superficial prosperity of the past to a more practical basis.

Principally speaking, these 16 characters depicting the future of Hong Kong are the most ideal means in the solution of Hong Kong problems at present.

WEN WEI PO NOTES HU YAOBANG'S REFORM WORK

HK230727 Hong Kong WEN WEI PO in Chinese 23 Nov 82 p 1

[Telephone dispatch from Beijing by Cheng Hsiang [4453 5046]: "Hu Yaobang Recently Inspected Various Places To Arrange the Reform of the Administrative Structures in Provinces and Municipalities"]

[Text] After the successful launching of the reform of the administrative structure of the party and government of the CPC Central Committee, the reform of administrative structures at the local government level has recently started. The CPC Central Committee intends a few conditionally prepared provinces and municipalities to lead the way and accumulate experience in the reform of the administrative structure at local government level throughout the country. Recently, Hu Yaobang gave instructions on the reform work of the experimental provincial and municipal units when he inspected various places.

It is understood that those provinces and municipalities selected as experimental units have recently held a mobilization meeting. In accordance with the instructions of the CPC Central Committee, from now up to the end of this year will be the preparatory period for the reform of these provinces and municipalities and from January to March next year will be the enforcement period of the reform.

During the reform, stress will be laid on solving well the following three problems: 1) set up a simplified administrative structure, improve our leading work style and method and raise effectiveness in our according to the principle of simplifying, unifying, economizing and combating bureaucratism; 2) be bold in selecting a number of young cadres who have both ability and political integrity to various leadership groups according to the principle of making the ranks of cadres more revolutionary, younger in average age, better educated and more professionally competent; and 3) reduce staffing levels, establish and perfect the system of personal responsibility and further reform our economic management system, so that the party and government organs can better serve the basic levels and the economy.

The experimental provinces and municipalities will adopt concrete measures, including the following aspects:

1. Reduce the provincial level party and government organs, cut down the amount of staff, establish and perfect the system of personal responsibility and remove all overlapping organizations in the provincial level party and government organs. Those businesses that are similar should be merged, those who engage in independent economic activities should be transformed into economic entities. Administration and enterprises should be separated and administrative structure should not be allowed to replace economic organizations. The levels should also be reduced at the same time by practicing a two level system with the provincial government directly leading the departments and bureaus.

2. Readjust the leading bodies and accordingly arrange the personnel, so that after the readjustment, the leading bodies are more efficient. Select a number of cadres who are in the prime of life to the various leading bodies at the provincial level. All leading cadres at the provincial department, commission and bureau levels who exceed the age of retirement, except those who are the main leading figures and professional backbones, should be principally withdrawn to the second and third line.
3. Young and middle-aged cadres who have been newly selected to leadership bodies must conform to the stipulations in their age, education and professional requirements. Those "five kinds of people" that have seized leadership through beating, smashing and looting during the "Cultural Revolution" must be seriously cleared out of the leadership bodies.
4. Veteran cadres should be appropriately arranged: those veteran cadres who have reached retirement age, except for a very small number of them who are needed for work and have been appointed by the organizations concerned as advisors, must be retired. After retirement, these veteran cadres must be specially cared for politically and the latter part of their life be appropriately arranged.
5. The training of cadres in rotation should be actively arranged. From now on, the level of education, qualification and working experiences must be an important basis in selecting, using and promoting cadres. All the provinces, prefectures, municipalities and counties should work out plans to train cadres in rotation.

The CPC Central Committee intends that the experimental provincial and municipal units present their experiences as soon as possible so as to successfully launch the reform of the administrative structure in various localities.

#### SHENZHEN OFFICIALS FIGHTING RAIL TICKET RACKET

HK240200 Hong Kong SOUTH CHINA MORNING POST in English 24 Nov 82 p 12

[Text] Senior officials in Shenzhen are determined to stop a Guangzhou rail ticket racket involving visitors from Hong Kong and Macao. Many of the racketeers are former Hong Kong residents who have formed links with Shenzhen residents to prey on visitors who are eager to get to Guangzhou on the first available train. The ticket touts use Shenzhen residents to buy Guangzhou tickets with local currency and then sell them in Hong Kong currency to visitors at prices up to 500 percent higher than the face value. The price of a ticket to Guangzhou from Shenzhen is three yuan (about HK\$10) but the ticket gangs are known to have sold them for as much as HK\$60 each. The Shenzhen authorities, sources said, are aware of this malpractice and they are determined to put a stop to it.

During the first nine months of this year about 550 people -- both Shenzhen and Hong Kong residents -- have been arrested for ticket racketeering, according to statistics issued by the Shenzhen authorities. Many of those arrested were fined for first offences, but they have been warned that heavier punishments will be imposed if they continue with their illegal trade. One source said the racketeers are also illegally exchanging Chinese money into Hong Kong dollars -- at greatly-inflated exchange rates.

Officials said genuine travellers and local residents mingle at Shenzhen railway station and they say it is difficult to detect the racketeers. In an effort to stop the ticket trade a new subway is now under construction beneath the station. It is expected to be completed after the lunar new year and will keep apart commuters and non-travellers.

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November 30, 1982

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